

HX
1/17
5007
DUP

MONTHLY REVIEW

VOL. 50
2

JUNE 1998

\$3.00/£2.00

AN INDEPENDENT SOCIALIST MAGAZINE

The Reconstruction of Bourgeois Order in Northern Ireland

John Newsinger

The *Communist Manifesto* and the Problem of Universality

Aijaz Ahmad

The East Asian Financial Crisis

William K. Tabb

Books

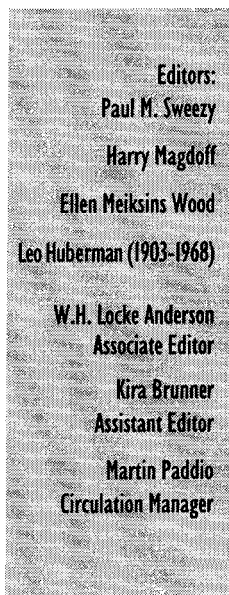
Science in a Skeptical Age

John Bellamy Foster

The Market Gulag

Frederic F. Clairmont





Editors:
Paul M. Sweezy

Harry Magdoff

Ellen Meiksins Wood

Leo Huberman (1903-1968)

W.H. Locke Anderson

Associate Editor

Kira Brunner

Assistant Editor

Martin Paddio

Circulation Manager

**THE RECONSTRUCTION OF BOURGEOIS
ORDER IN NORTHERN IRELAND**
by John Newsinger 1

**THE COMMUNIST MANIFESTO
AND THE PROBLEM OF UNIVERSALITY**
by Aijaz Ahmad 12

THE EAST ASIAN FINANCIAL CRISIS
by William K. Tabb 24

BOOKS

Science in a Skeptical Age
by John Bellamy Foster 39

The Market Gulag
by Frederic F. Clairmont 53

MONTHLY REVIEW (ISSN 0027 0520) is a publication of Monthly Review Foundation, a non-profit institution. It is published monthly except July and August, when bimonthly, and copyright © 1998, by Monthly Review. Second-class postage paid at New York, NY and additional mailing offices. POSTMASTER: Send all address changes (Form 3579) to Monthly Review Foundation, 122 West 27th Street, New York, NY 10001. EDITORIAL AND BUSINESS: 122 West 27th Street, New York, NY 10001. Telephone: (212) 691-2555. Fax: (212) 727-3676 Email: mreview@igc.apc.org. Unsolicited manuscripts will not be returned unless accompanied by a stamped, self-addressed envelope. MR is indexed in the PAIS Bulletin, Historical Abstracts, America: History and Life, Political Science Abstracts, and the Alternative Press Index, P.O. Box 7729, Baltimore, MD 21218, tel.: (301) 243-2471. NEWSSTAND DISTRIBUTION: B.De Boer, Inc., 113 E. Centre Street, Nutley, NJ 07110; Armadillo & Co., 5795 W. Washington Boulevard, Culver City, CA 90232; Small Changes, 3443 Twelfth Avenue West, Seattle, WA 98119; Central Books, 99 Wallis Road, London, E9 5LN, England. SUBSCRIPTION PRICE: U.S.: One year \$28, students and senior citizens \$23; Foreign \$36; students and senior citizens \$32. Libraries and Institutions: U.S. \$48; Foreign \$55. Additional Postage: First Class (U.S. \$15); Airmail: Foreign and Canada \$20.

NOTES FROM THE EDITORS

What's the matter with Japan? According to today's conventional wisdom—i.e., what we are told by the media and the syndicated pundits—almost everything. Its economy, the second largest in the world, is in a long-term crisis that affects everyone else, most severely the United States, and it stubbornly refuses to do anything about it despite the friendly advice and frustrated pleas of its partners in the developed capitalist world.

What do they want Japan to do? Simple: they want Japan to “be like us.” Open its markets, deregulate its financial and trading systems, and then step on the economic accelerator—reduce taxes, especially on the higher incomes, and open wide the government-spending spigot. The consequence would presumably be that Japan would quickly become a bigger and better market for its stricken neighbors in Asia and its rich trading partners on the other side of the Pacific Rim.

This is of course the orthodox neoliberal cure for Japan's crisis. Why does the Japanese government hold back, drag its feet, refuse to accept its “responsibilities” to the newly globalized capitalist economy? Until quite

(Continued on inside back cover)

THE RECONSTRUCTION OF BOURGEOIS ORDER IN NORTHERN IRELAND

by JOHN NEWSINGER

In April, the Northern Ireland process finally resulted in an agreement reached under the chairmanship of U.S. Senator John Mitchell. The so-called Good Friday Agreement, which is to be put to a referendum on May 22, proposed the establishment of a power-sharing Northern Ireland Assembly (with the prospect of Sinn Féin actually joining a Northern Ireland executive), a cross-border Council of Ireland to reassure the Nationalist community that their interests are protected, and a British Council to similarly reassure the Unionists. A major concession to the Unionists is the proposal that the Irish Republic drop its constitutional claim to the North. There is also an understanding that the prisoners from those paramilitary organizations accepting the agreement will be released within two years of its implementation.

According to opinion polls, 70 percent of the people of Northern Ireland support the Agreement and there is every indication that there will be a decisive "yes" vote in the referendum. At long last, it seems that a war which has lasted since 1969 and claimed over 3,600 lives is coming to an end. Considerable problems still remain. The Orange Order remains wedded to its annual celebration of Protestant Ascendancy regardless of the consequences. Ian Paisley's Democratic Unionist Party remains a model of bigoted, sectarian intransigence and is campaigning against the Agreement and in support of renewed war. And the thankfully tiny Loyalist Volunteer Force is still

John Newsinger teaches at Bath Spa University College. His most recent book is *Dangerous Men: The SAS and Popular Culture* (London: Pluto Press, 1997).

committed to the random murder of Catholics. Nevertheless, at long last, it seems as if a settlement with broad enough support, backed by the British, Irish, and American governments, has been reached.

While the Northern Ireland war has been a small-scale affair, it will not do to underestimate its intensity. If the same ratio of deaths to population were generated by a war in Britain then the death toll would be over 100,000; in the United States it would be more than half a million.¹ Nevertheless, while the end of the war is certainly to be welcomed, it is important to remain skeptical with regard to the Peace Agreement. What we are seeing is not the resolution of grievances, the coming together of two communities divided by sectarian hatreds, the righting of historic wrongs and the triumph of justice. Instead, we are seeing the renegotiation of bourgeois order very much on British terms, a bourgeois order that in many ways will rely on the perpetuation of those old hatreds and historic injustices. Bourgeois order in Northern Ireland broke down at the end of the 1960s and now, after a protracted war, it is being reconstituted. This is what the Peace Agreement is all about.

The Founding of the Northern Ireland State

In order to understand the Peace Agreement it is necessary to go back to the establishment of the Northern Ireland state in 1920-22. British policy towards the whole of Ireland was, at that time, to allow a limited form of self-government (Home Rule), but to resist any attempt at setting up a Republic. This provoked the "Black and Tan War" that gripped most of the country, with the Irish Republican Army carrying on a guerrilla campaign against the British. The situation was complicated by the existence in the northern industrial corner of the country of a Protestant minority that was closely allied to the British Conservative Party and was determined to resist being placed under even a Home Rule Parliament, let alone a Republic. The Northern Unionists wanted partition, the division of the country, so as to leave them in control of the six counties of Antrim, Down, Armagh, Tyrone, Fermanagh, and Londonderry. This would include a large Catholic minority, but the Unionists were confident that with British support they would be able to successfully dominate them.

While the British were unable to defeat the IRA militarily, they did achieve a decisive political victory, successfully splitting the republican movement. The British backed a conservative faction led by Michael Collins, Arthur Griffiths, and William Cosgrave and set up the Free State. This was a client regime that was armed and financed by the British in its war with the intransigent republicans. The Irish Civil War was a triumph for the British Empire with its enemies in Ireland comprehensively defeated.

What of the North? Here the Unionists established their own Home Rule Parliament at Stormont and set about consolidating a "Protestant State for Protestant people." The substantial Catholic minority (a third of the population) was forcibly incorporated into the new state, but only after a bloody war. As Jonathan Bardon has explained:

The price in blood had been heavy: between July 1920 and July 1922 the death toll in the six counties was 557—303 Catholics, 172 Protestants and 82 members of the security forces. In Belfast, 236 people had been killed in the first months of 1922, more than in the widespread troubles in Germany in the same period. In Belfast there had been a vicious sectarian war ... the statistics speak for themselves: Catholics formed only a quarter of the city's population but had suffered 257 civilian deaths out of 416 in a two-year period. Catholic relief organizations estimated that in Belfast between 8,700 and 11,000 Catholics had been driven out of their jobs, that 23,000 Catholics had been forced out of their homes, and that about 500 Catholic-owned businesses had been destroyed.²

One important but often neglected point worth noticing here is that at the same time they drove Catholic workers from the factories and shipyards, the Unionists also took the opportunity to clear out the left. There was a simultaneous purge of the so-called "rotten Prods", the Protestant trade union militants and socialists who refused to support the Unionist Party. According to Austen Morgan, historian of the Protestant working class, some 1,800 Protestant workers were expelled from their workplaces, consisting of "almost the entire cadre of working class leaders in the industrial and political wings of the labour movement."³

The intensity of the conflict in this period was as bad as the worst years of the current conflict, but it did not turn into a protracted war. Why? By the end of 1922 the Catholic community had been defeated (crucial was the defeat of the IRA in the south) and the Unionists were able to consolidate their rule over a sullen but cowed minority. They proceeded to establish Northern Ireland as an "Orange State" based on discrimina-

tion, gerrymandering and sectarianism. The new state equipped itself with an arsenal of police powers, the Special Powers Acts, intended to intimidate the minority and allow the prompt suppression of any opposition as soon as it showed itself. The paramilitary Royal Ulster Constabulary (RUC) was backed up by a well-armed Protestant militia, the Special Constabulary or "B" Specialists.⁴

While the Northern Ireland state preserved the forms of bourgeois democracy (this was enough to satisfy Conservative and Labour politicians in London), the content was radically different. No state where a third or more of its population deny it legitimacy can function as a normal bourgeois democracy. Northern Ireland was no exception. Instead, it was an "exceptional" state relying on special powers, sectarianism and electoral fraud for its survival. In practice, Northern Ireland was a one-party state whose *raison d'être* was the domination of the oppressed Catholic minority.

What is remarkable is that this state survived without serious opposition for over forty-five years, weathering both the Great Depression and the Second World War. The reason for this is quite simple: while there was great bitterness and resentment among the Catholic minority, there was also a belief that nothing could be done to remedy their predicament. The scale of the defeat in 1920-22 and the consolidation of the Orange State enabled the Unionists to establish a hegemony over the minority. Their rule was regarded as unassailable. The Unionists had the support of a united Protestant community and the backing of the British state. The Catholics were a permanent minority, without any power, abandoned by the South to just make the best of their predicament. While IRA challenges to the Orange State in the early 1940s and late 1950s were viewed sympathetically by many Catholics, this was always a passive sympathy, because their efforts were regarded as brave but futile. All this was to change at the end of the 1960s when the bourgeois order established in 1920-22 was to be overthrown by popular revolt and armed insurrection.

From Civil Rights to Armed Insurrection

Two factors came together to produce the great Catholic working-class revolt of the summer of 1969; the inability of the Unionists to continue ruling in the old way and the refusal of

the Catholic minority to continue being ruled that way. The Unionist government of Terence O'Neill recognized at the end of the 1960s that the Orange State would have to be reformed and the most visible sectarian abuses remedied. This was necessary if the province was to attract much-needed foreign investment. Moreover, the Labour government in London was urging modernization. Even the largely token reforms that O'Neill proposed were bitterly opposed by sections of the Protestant working class, threatened by rising unemployment, who saw any concessions to the Catholic minority as being at their expense. The Reverend Ian Paisley gave vicious sectarian expression to these fears.

The weakening of the Unionist position encouraged a Catholic belief that change was at last possible, that the Unionist leadership could be pressured into going further down the road of reform than they ever intended. The middle class civil rights movement, inspired by the civil rights movement in the United States, was the response. A more radical voice was provided by the student organization People's Democracy, very much part of the international student revolt. At this time the IRA was not a significant factor in the equation, having abandoned the armed struggle and with its membership in serious decline.

O'Neill found himself in an impossible position. His own supporters refused to allow him to make any meaningful concessions to the Catholics and demanded that the civil rights movement be repressed. At the same time, the Labour government was urging further reform and refusing to allow him to use the arsenal of repression available. The outcome was the worst of all worlds. The Catholic minority became outraged at the failure of reform to materialize, was involved in escalating conflict with the RUC and Protestant vigilantes, but was no longer cowed or intimidated. Indeed, the Catholic working class was moving center stage.

The result was the Catholic working-class revolt of August 1969. With the greatest reluctance, the Labour government deployed British troops on the streets of Derry and Belfast, ironically to prevent Protestant attacks on Catholic working-class areas. As far as Labour ministers were concerned the Unionists had failed to either carry out reform or maintain order. Now they would take on the task, aware that they were engaged in a competition for Catholic support with a resurgent physical force republicanism in the shape of the Provisional

IRA. This organization had broken away from the "Official" IRA in December 1969, a response to RUC and Protestant attacks on Catholic areas.⁵

Almost certainly Labour's program of reform was too little, too late. Only the abolition of Stormont would have conciliated the Catholics and this was too radical a step for Labour to contemplate. Even if Labour had remained in power it still seems certain that an IRA campaign would have taken place, but it is most unlikely that the war would have reached the level of intensity it achieved in 1971 and 1972. This was to be largely the work of the Conservative government that came to power in June 1970.

Repression

The new Heath government gave its full support to the Unionists, rejecting any further reform and setting about the restoration of law and order. Catholic working class areas were to be brought back under Stormont control. The turning point was the Falls Road curfew of July 1970, when troops sealed off and searched house-to-house some fifty streets over a thirty-four hour period. At the end of the operation five Catholics were dead, dozens injured and many homes had been vandalized and looted. The use of the army to restore Stormont rule effectively alienated the Catholic working class: having welcomed the soldiers as saviors the previous year, they now began to turn against them, with growing numbers of young men and women rallying to the Provisional IRA.⁶

Confronted with a deteriorating security situation, the British stumbled into the half-hearted application of a counter-insurgency strategy. It was not possible to implement the full range of repressive measures that were routinely used in dealing with unrest and rebellion in the colonies. The Catholics were white, Northern Ireland was ostensibly part of the United Kingdom, and events unfolded in front of the world media. The result was that the army not only failed to defeat the IRA, but was directly responsible for increasing their support. Every young man roughed up, every home wrecked, every woman insulted, and every child scared was a propaganda success for the IRA. Moreover when any attempt was made to really get tough, it inevitably backfired.

The introduction of internment without trial in August 1971 was ostensibly a response to the increasing level of violence in the province, but was in fact a capitulation to Unionist pressure. In the six months up to its introduction, thirty-four people had been killed, while in the rest of the year another 140 people were to be killed! Far from containing the conflict, internment was responsible for it escalating out of control. This disaster was compounded the following year by the "Bloody Sunday" massacre (January 30, 1972), when British paratroopers shot dead fourteen unarmed people taking part in a demonstration against internment in Derry.⁷

These events provided the IRA with enough popular support to sustain them through a protracted war. Somewhat belatedly the British realized this and at last, in March 1972, they abolished Stormont and introduced direct rule from London. The search was now on for a new order in Northern Ireland.

Containment

From an attempt to militarily defeat the IRA with a view to restoring the old order, the British moved to a policy of containment while trying to construct a new order. The Heath government followed up the abolition of Stormont with secret talks with the IRA leadership and various concessions, including political status for IRA prisoners. These talks failed to produce a settlement. With the IRA still insisting on a British withdrawal, the British decided to build up moderate opposition to the IRA within the Catholic community. This took the shape of the Social Democratic and Labour Party (SDLP) led by Gerry Fitt and John Hume. One problem critics of the IRA have is that the British have only become serious about reform in response to violence, and have only ever given moderate nationalists the time of day in order to try to undermine support for republicanism. No British government would bother talking to John Hume if it were not for the IRA. This is an inescapable fact.

The first attempt at reconstituting the bourgeois order involved the establishment of a coalition power-sharing executive bringing together moderate Unionists, led by Brian Faulkner and the SDLP. This involved a historic recognition by the British that the Catholics could not be forcibly returned to their subordinate position. Protestant hostility was too strong, however, and in May 1974 a successful general strike brought the

power-sharing executive down and a return to direct rule. By now the Heath government had been replaced in office by a new Labour government.⁸

The 1974-79 Labour government presided over important changes in security policy in Northern Ireland. The army's counter-insurgency strategy was abandoned in favor of a police-led internal security strategy that owed more to the European experience against the Red Army Faction in West Germany and the Red Brigades in Italy than it did to the colonial experience. Police primacy, criminalization, normalization, Ulsterization; these were the watchwords of a strategy that successfully contained the IRA and reduced the level of violence. Nevertheless, the IRA's popular support was such that it was able to survive, whereas the Red Army Faction and the Red Brigades had both been destroyed. But while they were still able to carry out the occasional "spectacular" operation, the IRA could not inflict a level of attrition on the British great enough to compromise their position in Northern Ireland. By the end of the 1970s more British soldiers were killed in accidents than were killed by the IRA.⁹

By 1979 the Labour government faced two serious problems in Northern Ireland. First of all, IRA prisoners responded to the ending of political status by protests that began with the dirty protests and were to culminate in all-out hunger strikes. If Labour had been re-elected in 1979 then there is every likelihood that they would have made concessions to avoid the hunger strikes. The other problem was to play an important part in bringing them down. The government covered up and condoned the beating of IRA suspects to extract confessions until the scandal became so glaring in Northern Ireland that Gerry Fitt, hitherto a staunch Labour supporter, voted against them in a vote of confidence in the House of Commons. Fitt brought the Labour government down in protest against this abuse, a shameful way for any government to fall, but this has conveniently been written out of the record.¹⁰ Despite these problems, the successful containment of the IRA had created the conditions for fresh political initiatives with a very real prospect of the conflict coming to an end by the mid-1980s. This was predicated on a republican recognition that military victory was impossible.

Thatcher and After

What prevented this was the election of the Thatcher government in May 1979 and her handling of the IRA hunger strikes. Thatcher was determined to establish her reputation as a strong political leader by standing up to the IRA, regardless of the consequences in Northern Ireland. The subsequent death of ten hunger strikers in the summer of 1981 was as big a political disaster for the British as Bloody Sunday had been nearly ten years earlier. It led to a dramatic increase in support for republicanism, both north and south of the border, enabled Sinn Féin to make an electoral breakthrough, and in retrospect can be seen as sustaining the IRA through another decade of war. As the historian Joseph Lee has put it, Thatcher's handling of this crisis was "inept to the point of criminality."¹¹ This, together with the successful smuggling into the country of some 150 tons of weapons and explosives from Libya in 1985-86, convinced elements within the IRA that victory was in sight.

On the British side, the dramatic increase in support for Sinn Féin caused serious worries and once again led to measures intended to bolster support for the SDLP. The outcome was the Anglo-Irish Agreement of November 1985 that completely alienated the Unionists and was only imposed on a reluctant Thatcher with great difficulty. The Agreement acknowledged the interest of the Irish government in Northern Ireland's affairs and effectively initiated what has since become known as the "Peace Process." On the military front, even with their new weaponry, the IRA failed to increase the British rate of attrition. Indeed during the whole of the 1980s, they killed fewer British soldiers than they had in 1972! Moreover, the British were becoming more effective in operations against the IRA. Thatcher still favored a military victory, and, while she never got her way as far as the overall picture was concerned, she was able to ensure that her favorite soldiers, the Special Air Service, were given a free hand. SAS shoot-to-kill methods continually raised tension in the province when official policy was to dampen it down. The most dramatic instance of this was the shooting of three unarmed IRA volunteers in broad daylight in Gibraltar in March 1988.¹²

With the downfall of Thatcher, the new Conservative Prime Minister, John Major, effectively ended SAS involvement in

Northern Ireland. He made it absolutely clear that a negotiated settlement involving Sinn Fein was on the agenda. By now this was very much what the republican leadership was after. The IRA had failed to defeat the British after twenty-five years of war and the Catholic community was facing increasing sectarian attacks by Protestant paramilitaries. Gerry Adams and his comrades were determined to end the conflict, but while they had tacitly abandoned the objective of a united Ireland, they needed significant concessions for the Catholic community if they were to avoid a serious split in the republican movement. On September 1, 1994, the first ceasefire went into effect.

The Peace Process

The negotiations that followed were concerned with the reconstitution of bourgeois order. The old order that was imposed on the Catholic community after the bloody conflict of 1920-22 had irretrievably broken down. The British failure to defeat the IRA made it clear that Stormont rule could not be restored. The Catholics could not be made to accept a return to Protestant domination. While Paisley's Democratic Unionists still demand this (which would bring the inevitable renewal of the war), the largest Unionist party, David Trimble's Ulster Unionists, have reluctantly, very reluctantly, come to accept that it is no longer possible. The fact is that for many Unionists any settlement that does not embody their domination over the Catholic minority is a "sell-out" and a "betrayal." It was this that accounted for the protracted nature of the Peace Process and for the painfully slow rate of progress. In the end, however, they have been pressured into acceptance of the Peace Agreement. This guarantees the Protestant majority their British citizenship, while at the same time protecting the Catholic minority against their domination.

For Sinn Fein, the Agreement represents, in the words of the *Economist* only "the palest shadow of once non-negotiable republican demands."¹⁵ Its acceptance is a recognition that, while the British have not been able to destroy the IRA, they have been able to deny it victory. The military struggle has failed and Irish republicanism is embracing the constitutional road. Only a die-hard rump has, so far, refused to accept this.

What the Peace Agreement does not address, however, is the poverty, unemployment, and low wages that are the lot of

many working-class Protestants and Catholics. Even today, after over twenty years of direct rule, discrimination against Catholics is still rife, with the Catholic rate of unemployment twice that of Protestants. These issues, the issues of social justice, will be forgotten or played down as the Sinn Fein leaders embark on careers as conventional politicians. What the British government has achieved in Northern Ireland is the reconstitution of bourgeois order, not in the context of the British Empire as in 1920-22, but in the context of the European Union. Constitutional arrangements have had to be renegotiated so that capitalist exploitation can continue without the obstacles and distractions occasioned by war. While the end of the war is to be welcomed, the nature of the peace is to be deplored.

NOTES

1. Brendan O'Leary and John McGarry, *The Politics of Antagonism*, London: The Athlone Press 1993, pp. 8-22.
2. Jonathan Bardon, *A History of Ulster*, Belfast: The Blackstaff Press 1992, p. 494.
3. Austen Morgan, *Labour and Partition: The Belfast Working Class*, London: Pluto Press 1991, pp. 261-262.
4. See Michael Farrell, *Northern Ireland: The Orange State*, London: Pluto Press 1980.
5. The best historical study of Irish Republicanism is Henry Patterson, *The Politics of Illusion*, London: Hutchinson 1997. But see also for the IRA, Peter Taylor, *Provos: The IRA and Sinn Fein*, London: Bloomsbury 1997.
6. Paddy Devlin, *Straight Left*, Belfast: Blackstaff Press 1994, p. 134.
7. On Bloody Sunday see Eamon McCann, *Bloody Sunday in Derry*, Dingle: Brandon 1992.
8. For the UWC general strike see Robert Fisk, *The Point of No Return*, London: Heinemann 1975.
9. For the development of British security policy see my "British Security Policy in Northern Ireland," *Race and Class* 37, 1 July-September 1995.
10. See my "Ulster and the downfall of the Labour government 1974-79," *Race and Class* 33, 2 October-December 1991.
11. Joseph Lee, *Ireland 1912-1985*, Cambridge: Cambridge University Press 1989, p. 454.
12. For the SAS in Northern Ireland see my *Dangerous Men: The SAS and Popular Culture*, London: Pluto 1997.
13. *The Economist* April 18-24 1998, p. 23.

THE COMMUNIST MANIFESTO AND THE PROBLEM OF UNIVERSALITY

by AIJAZ AHMAD

One can say without fear of refutation that the *Manifesto* has been more consequential in the actual making of the modern world than any other piece of political writing, be it Rousseau's *Social Contract*, the American Constitution and the Bill of Rights, or the French "Declaration of the Rights of Man and the Citizen." The first reason is, of course, the power of its political message, which has reverberated throughout the world and determined the destinies of a large cross-section of humanity over the past one hundred fifty years. Then there is the style itself: no call to arms has ever been phrased in a language of such zest, beauty, and purity.

Third, there is the stunning combination of diagnosis and prediction. Marx describes the capitalism of his own times and predicts its trajectories into the indefinite future with such force and accuracy that every subsequent generation, in various parts of the world, has seen in the *Manifesto* the image of its own times and a premonition of the horrors yet to come. And, fourth, concealed in the direct simplicity of its prose, like the labor of the tailor that disappears into the coat, is the distillation of a multifaceted philosophical understanding that had arisen out of a series of confrontations with the thinkers most influential in the Germany of his time: Hegel, Feuerbach, Proudhon, Stirner, Sismondi, the "True Socialists" and all the rest whom

Aijaz Ahmad is senior fellow at the Centre for Contemporary Studies, Nehru Memorial Museum and Library, New Delhi, and author of *In Theory: Classes, Nations, Literatures* (1992). This paper was written for the May 1998 international conference, "Le Manifeste communiste, 150 ans après."

the authors of the *Manifesto* broadly describe as “would-be universal reformers.”

No single essay can ever do justice to all the thematic richness of the *Manifesto*, precisely because the document condenses themes drawn from a whole range of intellectual and political debates, from the philosophy of history to the fundamental principles of capitalist political economy. For this essay, therefore, I have chosen only one of the themes we find here: Marx’s radically new way of approaching the very idea of universality. While this idea is very much under attack these days—from proponents of identity politics, multiculturalism, communitarianism, indigenism, anti-secularism etc.—it is an idea that has been with us for a long time, not only in religious metaphysics and premodern humanisms but also, very intensely, throughout the history of modernity. I shall be asking a rather simple question: what are the conceptions of universality that Marx inherits, grapples with, rebels against, rejects, and then reinvents, radically, by changing their most fundamental premises?

The Idea of Universality

It is really quite astonishing how often words like “universal” and “global” are used in the *Manifesto*. There are two principal reasons for this: the world in which Marx came of age was marked by a tendency toward increasing globalization of the capitalist mode of production, which was to occupy him for much of the rest of his life; and the intellectual climate of his time and place was marked by various philosophies that took universalism of one kind or another as their starting point. This we cannot discuss at any length here, but a few indicators may be useful.

Generally speaking, the process of secularization in philosophical thought, which is so much a part of the birth of the modern world, was very much a matter of thinking about the category of the “universal” in ways radically different from how it had been thought within the church and in ideologies narrowly defined in religious terms. Vico’s famous dictum, that “men can understand only that which they themselves make,” was designed as a materialist premise for comprehending the universal history of profane humanity and its institutions in terms not given in the history sanctioned by the universal church and its narrative of the world as God’s design. By the time one gets to Hegel, of course, the single institution that

signifies the principle of reconciliation and progress in the universal history of Man is the State, which embodies the "world-spirit." The state bureaucracy emerges as the universal class guaranteeing a universalist reconciliation of particular interests in society. Indeed, the Hegelian dialectic was designed, at least in part, to explain how the claims of the universalist church could be reconciled, through the progress of history, with the universalist claims of the secular, rational institutions of the modern nation-state. Between Vico and Hegel, there had also been Kant, who postulated, as the fundamental subject of history, a universal consciousness that was above all particular individuals but also present in each of them.

In the midst of all this, there had of course been the French Revolution, with its "Declaration of the Rights of Man and the Citizen," as well as the Napoleonic invasion of Germany, which gave to the world the founding text of Romantic, culturalist nationalism, namely Fichte's "Addresses to the German Nation." At one level, the "Man" of the Declaration was an abstraction: this "Man" was conceived as a maker of history, but he bore no mark of having himself been made by history, since he was the same always and everywhere, with rights that were eternal and universal. However, this "Man" could actually possess those rights only as a *citizen*, that is, as a member of a particular nation-state, though it was a nation-state that claimed to be the model for all other such states in the future. History was to be simply the process of universalizing the rights first granted by that state to its own citizens.

At a more concrete level, this "Man" was the bourgeois man who everywhere sought a universal right for the individual to own and defend his property. This security of property was "Man's" claim upon the State as its Citizen, as the subject of its Laws. The conflicting claims of universality and particularity were to be reconciled twice over. The universal "Man" was to be reborn as "Citizen" of a particular nation-state that was to guarantee his individual rights. And yet, what was provisionally a particular nation-state that guaranteed individual rights would also represent the very model of universal Reason.

Hegel was to draw much inspiration from this model of a state that claimed to embody, in its own time, the principles of universal history. But Fichte, who preoccupied himself not with the French Revolution but with Napoleonic invasion, drew

somewhat different conclusions. Unlike the French nation, which was so new that it was comprised simply of the “citizens” created by the Revolution itself, the German nation in Fichte’s reckoning had been there from the beginning of time, or at least since the beginning of the German language in its most primordial form. And the universalist claims of the German nation, as he conceived of it, resided in the fact, first, that it existed across boundaries of municipalities and territorial states, and, second, that its culture was so exemplary that it could teach a few lessons to the conquering French themselves, and, by implication therefore, to the whole world. A universalist role yet again, but with two differences: this role was to be played not by a state but by a *nation* that was wider than any state, and it was to be played on the stage not of the rights of Man but of an exemplary culture.

I offer these examples not to explicate that complex philosophical history but simply to illustrate some of the conceptions of universality that Marx had inherited. The most striking feature of those conceptions was that they all spoke of an expansive reconciliation. In religious forms of universalism, the oneness of humanity was guaranteed by the shadow of God. For Kant and Hegel, universalist reconciliation was an attribute of Reason and the Absolute. According to the French Declaration, reconciliation was the consequence of those Rights that claimed the equality of all men, universally, not to speak of all citizens, nationally. For Fichte, universalism was embodied in the nation itself, where obvious inequities in the socio-economic domain were to be reconciled in the particular language and exemplary culture of the nation. Hegel, of course, went the farthest in these speculations: in his philosophy, all contradictions were always moving toward higher and higher forms of reconciliation, right up to the Absolute which was incarnated in the state, which was intrinsically universal because it embodied the “world-spirit.”

So, that is one point: the conception of universality as straightforward reconciliation. The other thing that is remarkable about the conceptions of universality that I have summarized here is the very categories that are foregrounded here—religion, state, nation, man, citizen, rights, reason. These categories would consequently preoccupy Marx in his debunking—and then his recovery—of the concept of universality, because, as he perceived quite accurately, the concept

of universality can be put to coercive purposes as well as to revolutionary ones, depending on the politics of the women and men who take hold of it.

Part of Marx's immense effort at self-education and at thinking anew the philosophical categories he had inherited was an effort not merely to bypass those categories but to go right through them and find himself on the other side. Thus, for example, in his close textual readings of Hegel he had discovered that far from being the ground for reconciliation among particular interests, and thereby representing a general interest, the state was itself representative of some particular interests against others. Then there is the revolutionary step he takes in the *German Ideology*, where not consciousness, not even praxis as in the "Theses on Feuerbach," but *production* becomes the premise for philosophical thought, as in life itself.

The whole issue of the relation between the mental and the material thus begins to find a new formulation. Alongside these discoveries is the emerging emphasis on class. Marx arrives at the idea of the primacy of class from two sides: by changing the premise of philosophy from consciousness to production, and by rethinking the issue of the real revolutionary subject as opposed to those posited by Kant or Fichte or Hegel.

This entirely new way of thinking of production and of classes at the dynamic center of the historical process leads not to a narrative of a universal history, as in Hegel, but comprehension of the process through which history becomes universalized: there are, in other words, no "universals," only processes of universalization. The proletariat is then conceived of as a universal class in two quite distinct senses: in the sense that it is universally dispossessed and therefore lacks any particular interest to defend; and in the sense that the negative universality of capitalist exploitation is converted into the positive universality of what Marx would elsewhere call "poetry of the revolution."

Gradually, Marx begins to think not of labor but of the division of labor, and especially the division between mental and material labor, as being at the heart of modern history, and as the phenomenon that philosophy refuses to recognize. Marx draws many insights from this premise, only one of which we might consider here: the fact that mental labor is given a privileged position as *disinterested* thought is what makes it possible for state functionaries to represent themselves as me-

diators among the competing interests that exist within civil society. And this leads to a conception—notably in Hegel—of the bureaucracy as a “universal class.”

Later, in the *Manifesto*, Marx would, of course, describe the “executive of the state” as nothing more than “the managing committee of the whole bourgeoisie.” In this proposition, he is partly taking over Hegel’s idea of mediation. But while Hegel presented the state as mediating and reconciling all of society’s particular interests, Marx recognizes that the state simply mediates among the competing groups and factions within the bourgeoisie, so that it represents the whole bourgeoisie. In the *German Ideology*, though, Marx was making a related but different point about that same division of labor between the mental and the material: that it has always made it possible for servants of the state to represent themselves to themselves, in a self-mythification, as disinterested servants of the intellect.

If, thanks to class struggle, both civil society and the state are realms of conflicting particular interests, is universality theoretically and historically unthinkable? With this question, we can turn to some specific passages in the *Manifesto*. The very first sentence in the first section of the *Manifesto*—“The history of all hitherto existing society is the history of class struggle”—is fascinating on two counts: first because it suggests a basic principle in the movement of historical time, a principle that applies universally; and second, because the word “hitherto” implies that this does not always have to be the case. History, in other words, does not have to be read as eternity, as it is in the triumphalist accounts of liberal capitalism and the capitalist state, from Hegel to Kojève to Fukuyama, in their proclamations of the End of History.

From this statement of a general principle of historical motion, the *Manifesto* moves quickly to a summary of the fundamental tendencies in the growth and eventual globalization of capitalism, and hence of bourgeois society. He says, first of all, that this capitalist universalization has “simplified the class antagonisms” with “two great classes directly facing each other: Bourgeoisie and Proletariat.” Later, in 1888, Engels would specify that the term “proletariat” here means “the class of modern wage-laborers,” which is the only way we can understand a passage that comes two pages later:

The bourgeoisie has stripped of its halo every occupation hitherto honored and looked up to with reverent awe. It has converted the physician, the lawyer, the priest, the poet, the man of science, into its paid wage-laborers.

We thus have not one but two criteria of capitalist universalization: the division between mental and manual labor, and the generality of wage-labor. In the *Manifesto*, of course, the emphasis is on the concentration of property and the generalization of the wage relation. Elsewhere, in a great many other texts, Marx would continue to draw out the implications of the division between the mental and the material.

It can be argued that in the actual history of the past one hundred and fifty years capitalism has not “simplified” class antagonisms but created a very intricate system of differentiations based on scales of property, salaries, and wages, both nationally and transnationally, while this global class structure is further complicated by the feminization of certain labor regimes as well as racialisms and ethnicizations of various sorts. But if these tendencies are not obviously present in the *Manifesto*, it does supplement the first form of universalization—the generalization of the wage relation—with a second one: that of colonial conquest. This, in the words of the *Manifesto*, consists of,

the discovery of America, the rounding of the Cape ... the East Indian and Chinese markets, the colonization of America, trade with the colonies, the increase in the means of exchange and commodities ... [as] modern industry has established the world market.

The *Manifesto* was of course too condensed a text for Marx to specify the full implications of colonialism—(“This bleeding process with a vengeance,” as he was later to call it)—for the colonized. But, in any case, it was thanks to the colonial conquests that the bourgeoisie first emerged as something of a universal class in history. As the *Manifesto* puts it:

The need of a constantly expanding market for its products chases the bourgeoisie over the whole surface of the globe. It must nestle everywhere, settle everywhere, establish connections everywhere.

This capitalist universalisation leads then to the subordination of national “self-sufficiency” to the global market, and the emergence of a transnational culture and a unified bourgeois civilization:

All old-established national industries are destroyed or are being destroyed ... in place of the old local and national seclusion and self-sufficiency we have intercourse in every direction ... and as in material, so in intellectual production ... [this process] compels all nations, on pain of extinction, to adopt the bourgeois mode of production; it compels them to introduce what it calls civilization into their midst, i.e., to become bourgeois themselves. In one word, it creates a world after its own image.

That ironic phrase “what it calls civilization” reminds one of a superbly contemptuous phrase Engels was to use a decade later about the cultural claims of European colonizers when he called them “civilization-mongers.”

The most striking feature of this language of the *Manifesto* is its astonishing contemporaneity, as it summarizes the process that for some years some of us have been calling “capitalist universalization.” This sense of a rapid universalization is coupled with an extraordinary sense of catastrophe: all that was once solid is melting into air in what Marx and Engels call “a universal war of devastation.”

In this war of devastation, two simultaneous processes of universalisation and differentiation are worth noting. First,

Differences of age and sex have no longer any distinctive social validity for the working class. All are instruments of labor, more or less expensive to use, according to their age and sex.

What Marx seems to be saying here is that the universalizing dynamic of proletarianization will necessarily utilize women as “instruments of labor” and that from the standpoint of capital differences of sex and age matter very little. But what he adds immediately is that all are instruments of labor but some are cheaper than others, and the ones whose labor-power is cheaper are thus, by implication, more intensively exploited. In other words, capital can employ women as readily as men, and under certain conditions perhaps more so because their labor is cheaper. In another passage of the *Manifesto* Marx refers also to the sexual exploitation of all women, including the women of the bourgeois class itself.

The other distinction that is worth foregrounding here pertains to the question of nationality and is contained in several related passages. One runs as follows:

The Communists are (further) reproached with desiring to abolish countries and nationality. The working men have no country. We cannot take from them what they have not got. Since the proletariat must first of all acquire political supremacy, must rise to be the leading class of the nation, must constitute itself the nation, it is, so far, itself national, though not in the bourgeois sense of the word.

That famous sentence—“The working men have no country”—has been so often misconstrued that we shall have to return to it in a moment. Let me quote another passage, though, which will help clarify the previous one:

The proletariat is without property ... modern industrial labor, modern subjection to capital, the same in England as in France, in America as in Germany, has stripped him of every trace of national character.

The sentence “the working men have no country” has to be understood in relation to these two universal experiences of the working class: that it has no property, and that the modern industrial process itself obliterates differences between national production systems and imposes similar labor disciplines across national frontiers.

Conversely, Marx’s great polemic against Stirner, and against the nationalistic strand in German Idealism more generally, which he formulated well before coming to the *Manifesto*, would seem to suggest that the worker also has “no country” in another sense: the nation-state does not defend the working class against the predatory designs either of its own national bourgeoisie or of the bourgeoisies of other countries. The worker of the colonies, for example, has “no country” in this double sense: that he is not a citizen of any country—nobody can be “citizen” in a colony—and that he is doubly exploited, by the national bourgeoisie which accumulates part of the surplus value, as well as the imperialist bourgeoisie which accumulates the other part. A universality, in other words, of dispossession and forms of labor. This leads to another of the famous passages:

Though not in substance, yet in form, the struggle of the proletariat with bourgeoisie is at first a national struggle. The proletariat of each country must, of course, first of all settle matters with its own national bourgeoisie.

Now, Marx could not have been calling for this settling of accounts “with its own national bourgeoisie,” nor could he exhort the proletariat to “rise to be the leading class of the nation” and to “constitute itself the nation” if he literally meant that workingmen have no country. The whole drift of the argument is that, as Marx literally puts it, the working class is “itself national, though not in the bourgeois sense.”

That sentence—“The working men have no country”—is in its own context first of all a retort, aimed at those who reproach communists “with desiring to abolish countries and nationality.” And the sentence is also a prelude to the one that immediately follows: “We cannot take from them what they have not got.” Only the propertied classes can be said, in the strong sense of the word, to have—indeed, to possess—a country. Second, it is the loss of property in its means of production that

has made the working class relatively mobile across countries and nationalities. If the bourgeoisie struts across the globe in search of profits, the working class itself moves in search of work and wages, though under conditions dictated by the bourgeoisie. But, finally, it is the working-class movement that calls upon the dispossessed to become, for the first time in their history, “national,” “the leading class of the nation,” indeed “the nation” itself.

At this point, there begins what Hegel might have called a negation of the negation. The bourgeoisie has performed a dual task. It has, on the one hand, organized the world politically in a system of highly differentiated nation-states which it uses to impose differentiated labor regimes. On the other hand, in the domain of circulation, of commodities as well as finance, it breaks down all national differences in pursuit of a world market and creates “what it calls civilization” in its own image, in short a capitalist universality.

We have a precise configuration, then: bourgeois nation together with the universality of the market, which has arisen out of the negation of all precapitalist forms. The theoretical universalism of bourgeois philosophy in its revolutionary phase has in practice been negated by the division of the world into nation-states; by imperialism which divides humanity between the imperialist and the imperialized; by the racialisms that have accompanied capitalist slavery; by the whole development of world capitalism as a system of unequal and combined development; by the atomization and fragmentation of “social humanity” which runs alongside the universality of the market and serves as its very basis.

What, then, will negate this negation? The currently fashionable postmodern discourse has its own answer: it leaves the market fully intact while debunking the nation-state and seeking to dissolve it even further into little communities and competitive narcissisms, which sometimes gets called “multiculturalism.” In other words, postmodernism seeks an even deeper universalization of the market, while seeking to decompose “social humanity” even further, to the point where only the monadic individual remains, with no dream but that of, in Jean-François Lyotard’s words, “the enjoyment of goods and services.” Or, to put it somewhat differently: the postmodern utopia takes the form of a complementary relationship between

universalization of the market and individualization of commodity fetishism. This, of course, has been the dream of capitalism since its very inception.

In the *Manifesto*, however, the negation of “social humanity” by the universal market and commodity fetishism can itself be negated in only one way: the struggle of “social humanity” must take the form of “settling matters with one’s own national bourgeoisie,” while, simultaneously, the working class constitutes itself both as “the nation” and as a class of universal emancipation, a class that cannot emancipate itself without emancipating the whole of society, indeed the whole of humanity.

These formulations go, I think, to the heart of the matter. Marxism is today often accused of neglecting all kinds of “difference,” of gender, race, ethnicity, nationality, culture, and so on. But it is not Marxism that recognizes no gender differences. These differences are at once abolished by capitalism, by turning women as much as men into instruments of production. These differences are also maintained through cross-class sexual exploitation, not to speak of the differential wage rate, in which women are paid less than men for the same work, or the direct appropriation of women’s labor in the domestic economy. Similarly, it is not communism that sets out to abolish nationality. It is abolished by capitalism itself, through imperialism, through circulation of finance and commodities, through the objectivity of the labor process itself, while nation-states are maintained simply as mechanisms for the management of various units of the world capitalist economy in the context of globally uneven and unequal development. Finally, the bourgeoisie is already a universal class, transnational in its operations and with a culture that also tends to be globally uniform.

Is it really possible to overturn this capitalist universality through the narcissism of little differences, as postmodernism proposes, or must there be an alternative universality which itself arises out of concrete material processes—the same processes that have produced bourgeois universality?

The reason that so much of contemporary thought fights constantly against Marx, either by rejecting his thought or by trying to assimilate it, and yet fails to go beyond Marx, is that he so radically changed the terms of the debate. Instead of the Idealist search for the human essence, he posited the social constitution of the human subject simply as an ensemble of

social relations. “Universality” itself can be conceived, he suggests, not as a horizontal aggregation of individuals but as an intricate set of social relationships which in the modern world tend to be increasingly globalized.

Against Kant, he suggested that the world of liberal capitalism is based not on Reason but on Interest, and that commerce, which Kant posited as a harbinger of international peace, was a weapon of global subjugation. Against the Enlightenment notion of the teleology of progress, he posited the idea of the persistence of class struggle and, in the words of the *Manifesto*, a “universal war of devastation.” Against the idea of Humanity-in-general, or the idea of Universality as being inherent in human Reason, Marx posits universalization as an ongoing and contradictory historical process and not an ontological given.

And, above all, he speaks of competing projects of universality, the outcome of which will be determined not philosophically, in advance of the event, but practically and historically. For the philosophy that Marx sought to overturn, universalism was already accomplished, in thought, in Reason, in the coming of the modern state. For the *Manifesto* universality is a horizon, an event yet to come. This extraordinary orientation toward the future is what has made it possible for generations of militants to see in the *Manifesto* their present as well as their praxis.

Subscribe

please!

☐ \$28 one-year (U.S.)

☐ \$36 one-year (foreign)

Name

Address

City/State/Zip

☐ Visa ☐ MasterCard

Card Number/Expiration Date

MONTHLY REVIEW

122 West 27th St. ♦ New York, NY 10001

e-mail: mreview@igc.apc.org

THE EAST ASIAN FINANCIAL CRISIS

by WILLIAM K. TABB

The Asian financial meltdown, when it reached front-page proportions in late 1997, was rightly called the most serious of any we have had since the 1930s. A mountain of paper assets—estimated at more than a trillion dollars—was swept aside. Subsequently there was substantial recovery in some of the region's markets and investors sorted out specific strengths and weaknesses, differentiating among national economies. There have also been new frights caused by basic weaknesses in China and Japan. This paper considers the East Asian financial crisis as reflecting two familiar patterns. The first is the crisis tendencies of unregulated capitalist markets in which speculative excess is part of the very nature of the system. The second is the way such crises are the opportunity for stronger capitalists to profit from the problems of those unable to withstand the downturn.

The questions of the moment relate to the extent to which these economies will be restructured. To what degree will the forces of transnational capital realize their demands on the economies of the region? Who shall pay for the downward adjustments? To what extent will progressive forces be able to organize against the austerity that capital is imposing on the people of the region? What will the longer-term effects of the

William K. Tabb teaches Economics and Sociology at Queens College and the City University. He is the author of *The Postwar Japanese System* (New York: Oxford University Press, 1995). This paper is adapted from a keynote address presented to the International Workshop on Globalization and Social Welfare in East Asia sponsored by the Research Center on Development and International Relations, Aalborg University, Denmark, on March 12, 1998.

crisis be? How such questions are answered will have substantial impact on the world political economy well into the twenty-first century.

East Asia has been the most rapidly growing, really the only rapidly growing, area of the world economy for decades, which explains the frequency with which two new words have entered the conversation, sending shock waves through prevailing investor optimism. The first of these is “overcapacity”; it is increasingly realized that overinvestment in plant and equipment in Asia has generated potential for more dramatic problems. With global overcapacity in everything from steel to paper products, wages have been forced down and companies have become leaner and meaner in most parts of the world.

The second word is “deflation,” which has not been a worry since the Great Depression. Deflation, if it spreads, could get serious. Gently falling prices are one thing, but if Asians initiated a continuing competitive devaluation cycle in order to export more in the face of a global glut of productive capacity, price wars could erode profit margins further and bankruptcies would extend beyond Asia. There is ample evidence of financial overextension triggering a spiral of competitive devaluations and deflations, coming from an inability to rationalize the overinvestment and debt. On the other hand, if the crisis is contained within Asia it can mean fantastic gain to transnational capital as it buys up the assets of the region at distress prices. The very solutions advocated by finance capital and the international agencies which do its bidding are designed to advance this process.

The Making and Bursting of the Bubble

Because financial markets had become accustomed to East Asian growth at three to five times that of the core economies, and because many of them pegged their currencies to the value of the dollar, it had long been widely believed that there was little risk in lending to the region. It was assumed currencies would hold their strength and that foreign borrowing did not face exchange rate risk. In fact, fortunes were made by borrowing in the United States and in Japan at low interest rates and relending in East Asia. This carry trade was exceedingly profitable and seemed to involve little risk. The money pouring into their countries fueled growth increasingly based on a pyramid

scheme, a Ponzi-style asset market. Values went up because more money flowed in, justifying more capital inflow. Since assets had been purchased with borrowed funds, which had to be refinanced to support highly leveraged positions, and this presumed continuing increases in the values of the purchased assets, the game became harder to play successfully and some had to sell to cover debts. As stock and property were sold, panic spread. Currencies followed as investors tried to pull out of these markets. As foreign exchange values fell, debt which was contracted in foreign currencies became dramatically more expensive. Income in ringgit or rupiah fell seemingly overnight by 30 or 40 percent against the dollar. This meant debtors had to come up with 30 or 40 percent more in their local currency than they had expected. (These figures used for illustration are on the modest side. In three days in early 1998 the Indonesian rupiah lost half of its value, triggering panicked buying which left nothing on the shelves of Jakarta stores but the scratch marks of desperate buyers' fingernails seeking to lay in food and other necessities before prices rose still further and goods became unavailable.) The realization that the extent of the region's problems had yet to be uncovered drove currency and equity markets down further. China's export drive—at labor costs far lower than the other major Asian producers—was another important part of the process. Its growing exports cut into markets, and regional productive capacity came to exceed the absorptive capacity of global markets. Government foreign reserve holdings in many countries of the region which had seemed substantial (but frequently were not since governments and their central banks disguised their real situation to convince investors that they were secure) quickly evaporated as capital moved out of currencies perceived to be weakening still further. A review of the timing of the unfolding crisis will make this contagion process clear.

The crisis broke first in South Korea and in Thailand. In Korea, Hanbo Steel Corporation, a leader in an industry especially affected when demand slows, defaulted on loans in January 1997, the first of a string of major failures caused by the impact of falling sales in the presence of financial overextension. Korean corporations have long employed very high leverage (the ratio of borrowed capital to equity), making them crisis-prone when the economy slows. The Korean government

had protected such borrowers and the banks which acted as lenders, allowing high investment rates. Hanbo's failure and those which followed marked the end of the Korean model's success as we will discuss in greater detail below. In Thailand, because that country had borrowed more than others in the region (as a proportion of its gross domestic product), loans to the country became suspect as its growth rate slowed. To reduce financing costs Thailand had also borrowed short term, counting on a perpetual ability to roll over old debt, covering it with more new debt and paying old loans with new borrowing. Unlike in Korea, where most lending was to large conglomerates who had become major exporters, the bubble economy in Thailand was more heavily the result of overborrowing to finance luxury consumption, to overbuild golf courses and office towers, fed by foreign lending that presumed the growth would never slow. By May of 1997, political instability in the country combined with the ongoing economic slowdown brought the country's currency, the baht, under attack. Its economy was understood to have dangerously slowed. Sensing that the party was quickly winding down, investors pulled out as much of their capital as they could before fast-moving events caused them to lose more of its value. As they turned in local financial assets for dollars the reserves were quickly exhausted and the baht plummeted, within months by 15-20 percent, and within a year by 40 percent. (The stock market also fell by 70 percent from 1994 highs.) In June the Thai Finance Minister resigned and speculators turned their attention to the Philippine peso.

By July the central banks of Malaysia and Indonesia joined the Philippines in defending their national currency, the ringgit and the rupiah. In September the strongmen of both Indonesia and Malaysia were loudly blaming speculators for their problems. Mahathir Mohamad, most famously at the annual International Monetary Fund/World Bank conference in September, demanded that speculation stop (after pointing a finger at "the Jews" in general and George Soros in particular). In October Hong Kong's stock market took a bad drubbing—its worst ever. (It lost a quarter of its value in one particularly bad four-day period.)

Through the fall the International Monetary Fund (IMF) announced rescue plans in eye-popping quantities, but failed to calm financial markets. The structural reforms it demanded were resisted even when governments promised compliance.

Trial balloons went up concerning the establishment of a Japanese led rescue effort. This represented yet another round of effort by the Japanese and some Asian countries to find intra-regional control mechanisms which would wrest some greater freedom from U.S. domination. As in the case of similar moves which had been attempted to establish meaningful decision making in the region which excluded the United States, this too failed under American insistence that the (U.S.-dominated) IMF was the proper venue for dealing with the crisis. Asian dependence on the U.S. military in the face of what is perceived with great uneasiness as Chinese expansionist demands, the unsettling question of North Korea, and Japan's economic weakness in the face of U.S. strength at this point in history are factors in the maneuvering. Among Asian elites there continues to be debate over how much independence from America is attainable and even desirable.

The IMF was criticized from the right for interfering with markets and from the left for the nature of its solutions, which is to promise full payment to foreign investors, and to have all adjustment borne through austerity programs for those economies it "helps"—with devastating impacts on their people. By New Year's 1998 the crisis was daily front-page news for the world's newspapers of record, and U.S. Federal Reserve Chair Alan Greenspan was warning that the Asian crisis could spread to other regions and large investments were needed to prevent turmoil which was approaching "panic." Interestingly U.S. Secretary of Defense William Cohen made a high-profile visit to the region and expressed concern about possible "instability" (challenge to the U.S.-dominated status quo) in the region. He was assured by regional leaders facing their most severe challenge in decades that their militaries could handle popular protest.

Looking at this chronology it is clear that after the baht fell, the Asian equivalent of the tequila effect was felt through the region. (The tequila effect was the fallout from the Mexican peso's collapse on the other economies of Latin America in the last major regional crisis.) These countries had followed practices not unlike Thailand's, and their vulnerability was increased by the dramatic fall in the value of the baht, which overnight made their own exports less competitive in markets they shared with Thailand. Competitive devaluation occurs when one coun-

try's currency dramatically decreases in value (cheapening its exports in foreign currencies) and forces other nations to follow suit or become less able to compete in foreign markets. Observers were reminded of the competitive devaluations of the 1930s when countries purposefully reduced the exchange value of their currency to cheapen their exports in foreign monies, unleashing a mutually destructive cycle. Gains are likely to be only temporary since competitors lower the value of *their* currencies, seeking to regain advantage.

At first, attention focused on the many bad loans on the books of the region's banks that were covered by foreign borrowing that could not be repaid, and the fact that so many of them had been based on dishonest dealings in the systemically corrupt political economies of the region. Thai banks had lent to politicians who provided their bailouts to the bankers. In Indonesia, President Suharto, in a friends and family plan, had enrolled the country's banks, many owned by these same friends and family, to lend for highly dubious projects. Hong Kong, which had the foreign reserves to hold its currency at par with the dollar, watched as its exports became uncompetitive overnight and its stock market lost over half its value. In Korea, the highly successful development scheme of offering below market-interest loans to conglomerates favored by the government, whose sponsors in turn supported the ruling party with enormous political contributions, created a system in which overinvestment was the eventual result of a growth-at-all-costs strategy of development in a world in which the anarchy of production rules, and investment booms always come to an end. It was in such an environment that international lenders who had for decades fully cooperated in eagerly lending to all comers regardless of their soundness demanded immediate reforms.

East Asian elites resisted restructuring, preferring to tough it out. The U.S. surely would not allow their economies to collapse. Some of the Korean *chaebol*, the huge conglomerates that are among the world's largest transnationals, trimmed very little despite being technically insolvent. Indeed some strove to invest more in an effort to knock out weakened competitors by expanding in the face of obvious industry-wide overcapacity. Hyundai and Daewoo continued massive expansion in autos despite the worldwide oversupply of car-making capacity. Sam-

sung insisted it would enter the auto business even as Kia Motors, the country's second largest producer, turned to the government to be bailed out. In Indonesia, the world's fourth most populous nation, and closest to a total financial and political meltdown, President Suharto continued to support such economically perverse programs as the national car project, run by his favorite who had borrowed hundreds of millions from banks who dared not say no to him. Losses at a major petrochemical company run by another of the president's sons also had losses in the hundreds of millions of dollars. Family members and close associates also run Indonesia's money losing airplane factories, shipyards and, of course, banks.

The governance structures in the region vary but in all economic growth was based on serious economic exploitation and the repression necessary to its perpetuation. Pressure for democracy has increased, however, and there is growing resistance to the ruling elites' corruption. Most significantly, saturated global markets are now bringing these regimes up short. Faced with market and political pressures to open their economies to foreign investors and end state subsidies to favored banks and industrial corporations, the region's no-longer-quite-so-confident rulers resisted as best they could. In the case of Indonesia, the wily Suharto played a "who will blink first" game with the IMF; others seemed to make concessions while undercutting agreements.

Yet the accounts that focus on the abuses of crony capitalism rather than systemic causes and the culpability of foreign lenders paved the way for solutions which favored international capital. They ignore the overoptimism projected by Western financial experts—who typically work for the very firms selling Asian investment products—who had hyped the Asian markets in what should be seen as an obvious conflict of interest. The typical spin on the story also misrepresents economic successes over the last decades and the way overinvestment in production is systematically followed by speculative excesses, and then market collapse.

Regional History in Perspective

The corrupt crony capitalism regimes of the region were created in the cold-war climate of the post-Second World War years in which the U.S. supported and sometimes directly in-

stalled regimes, usually headed by military strongmen committed to maintaining dependent relations with the core and willing to massacre those who resisted their rule. The challenge of revolutionary movements and the counterexample in the redistribution and planning of the communist regimes was answered with land reform and statist development in the “front line” states, South Korea and Taiwan. In an effort to gain legitimacy through economic growth these regimes were accorded privileges by the United States as part of its Cold War strategy. The combination of the statist legacies of the Japanese occupation and the very high levels of foreign aid, amounting to a significant share of their capital imports, helped these two economies succeed.

If there is an East Asian development model, a conjecture which is hotly debated, it is in a widely held agreement that state power can help national capital compete in global markets by protecting local firms from foreign competition, providing low-cost capital (as long as it was employed for productive investment), preventing funds needed for domestic investment from draining abroad, and holding down labor costs by whatever means these undemocratic regimes needed to employ. Local banks mobilized domestic savings and allowed national capital to expand without risk that loans would be called—so long as firms cooperated with government technocrats. Foreign banks were prevented from either entering or playing a major role in a nation’s economy so that these conditions could be maintained. Repressive governments prevented independent labor unions or oppositional political movements to keep the consumption of the masses to a minimum, so that accumulation would be maximized.

Starting with Japan, state-led development, below-market loans, and high leverage built industrial capacity capable of breaking into the markets of core industrial producers. The first to do so—Japan, South Korea, and Taiwan—were encouraged, as we have noted, by the United States for geopolitical reasons. The threat of communist China trumped the usual American determination to avoid third world industrialization in those years. With time, the prospects of low-cost manufacturing in the region as a source of potential profitability for U.S.-based transnationals changed the strategic outlook of the American state. National capitals in the region took advantage of this opening.

Other, weaker nations were mere export platforms for United States and Japanese transnationals. In these countries elites enriched themselves with little interest in the well-being of those they ruled. Protection of privileged investors meant higher prices for local consumers. Repression against political opponents and the use of state power to ensure the lowest possible labor costs, while praised by the foreign business press as an economic miracle story, was rather old-fashioned superexploitation and repression of democratic aspirations denied in the name of the ideologically constructed "Asian values" discourse.

This accumulation regime has now foundered on two unyielding rocks. The first is the saturated markets and global overcapacity. The second is the financial bubbles that were produced when expanded productive investment opportunities could no longer be found for the vast savings these economies generated. As funds which could not be invested productively found their way into property and stock market speculation as well as corrupt borrowing by companies whose only claim to new loans was their political power to extort them, a bubble of excess grew and inevitably burst.

The Specters of Deflation and Overcapacity

Today we witness deflation in Japan and the lowest measured inflation in decades in the advanced economies, plummeting stock and property markets elsewhere in Asia, and falling incomes and asset values feeding on each other in a series of downward spirals. Excess capacity in products from steel and auto production to memory chips and gas turbines have created gloom and doom forecasts. It makes less sense to companies to cancel them now than to press on, hoping that a more efficient plant will take markets away from someone else. But there is clearly insufficient global demand for the capacity. The financial press is full of examples such as the price of penicillin G (the raw material for the antibiotic) which had fallen to \$11 per billion units in late 1997 from \$21 in mid-1996 because China and India became major producers and continue to add capacity. As things stand, "Pricing pressures are dramatic across sector after sector," says GE Chairman Jack Welch, "There is excess global capacity in almost every industry." At the end of 1997, in the United States, industries with stable or falling prices accounted for two-thirds of manufacturing production.

The Asian financial crisis means that these nations are now forced to cut their imports from the United States and elsewhere and to step up their exports even if this means dramatically cutting prices to do so. This puts further downward pressure on prices and therefore on profit per unit. If markets could expand fast enough, lower prices could raise total revenues and increase standards of living. But given the extent of excess capacity and the austerity forced on Asia by the financial crisis (and on Europe by the requirements for a single currency), the U.S., while it remains the consumer of last resort, will be unable to absorb all of this potential output.

It is true of course that East Asian economies, as observers have pointed out, do not count for a large share of the total world trade. Yet exports to Asia account for two-thirds of Japan's export growth in the 1990s and around a fifth of French, German, Italian, and U.S. export growth in this decade. These countries are also important markets for one another. Half of China's exports go to Asia, for example. Indeed, Asia has been the great market hope of exporters everywhere. The United States is already showing record trade deficits as a result of the Asian crisis. Europe's recent modest growth is also likely to be undercut by Asian problems, and given Maastricht criteria for the single European currency it is unlikely they can stimulate domestic demand to make up for this loss of Asian markets.

So how worried should we be about overcapacity? Last fall *Business Week* suggested we should be plenty worried:

Deflation in the 1990s is uncharted territory. In the '30s, it destroyed income and jobs, eviscerated savings, and kept the world poor from 1929 until the Second World War. Yet in this decade, deflation has led to high growth and rising real wages as high-tech companies cut costs, raise productivity, and increase unit sales to compensate for falling prices. The big question is whether this can work for the entire global economy. Will there come a point when increases in productivity and unit sales fail to outpace falling prices, triggering a deflationary spiral? With U.S. producer prices down 0.4 percent for the year and inflation approaching zero, we may soon get an answer.¹

That other major financial periodical, the *Economist*, disagrees, taking the conventional neoclassical economic position of the mainstream that, "Deflation, when it happens, exposes not the flaw in capitalism but the incompetence of central banks and governments."² I would not want to defend the capitalist state or its central bankers, but the objective conditions under

which they operate and their assigned duties encourage choices which, while free market advocates may not like them, make a certain sense. The normal workings of the capitalist system create speculative bubbles and always have. Central bankers are faced with situations in which the only way to produce growth is to create conditions which will produce overexpansion and then recession or depression. Such financial ups and downs are an endogenous part of the system as it has always operated. It is trust in the stability of unregulated markets which is the problem, not the solution.

Ruling Class Strategy

The strategy of offering a bailout package as well as the particular conditions it imposes have all come in for criticism from different quarters. Free market economists and many in Congress have criticized the Clinton Administration, saying that there would be greater market opening if there were no bailout. This is known as the moral hazard problem. By insuring against possible losses, risk taking becomes more excessive and the cost of repairing the damage done by bad loans increases, since the usual caution people would take is lessened when they know they will get bailed out by the IMF and the United States if things go badly. This view may be right in the narrow sense. Money would in all likelihood not have been as recklessly lent, the leverage might not have been so extreme, the speculation not quite so vertiginous if the implicit bailout was not waiting comfortably in the background. Yet there have been far greater bubbles in the past when there were no bailouts, and besides, if there is no bailout and the East Asian financial systems crash, might the contagion bring down banks in Japan and the West as well, plunging the world into depression? Some analysts say this would not happen. Are they sure? But if some form of safety net needs to be extended, who should be protected and to what extent?

Each time taxpayers are called to bail out the banks and the other speculators, the price rises and the signal is sent that high risk is rewarded, while costly losses are covered by taxpayers. In one of those left-right alliances against the establishment center, Ralph Nader, William Greider, and *Monthly Review* readers are all likely to agree with Anna Schwarz in the way she posed the issue at a recent Cato Institute gathering: "For whose benefit was the Mexican rescue arranged? Is there any doubt that the

loan package was designed to pay dollars to Americans and other nationals who invested? Is that the reason the emergency loans are needed? To eliminate risk from investment in high-yielding foreign assets?" Precisely so.

The normal IMF strategy in banking crises is to come up with an aid guarantee so large and reassuring in its coverage for investors that they are sure that, come what may, they will get their money back. This has the effect of stopping the panicked withdrawal of capital from that economy since the IMF and the United States stand ready to use sufficient bailout funds to win the battle. Investors, reassured by the scope of the action, will stop panicking and order will return to the debtor's economy. In exchange for having been granted a breathing spell the debtor agrees to structural adjustments, which will assure their debts will be paid. And if all goes well, the guarantee ends up not costing taxpayers a penny. The adjustment is all on the side of the debtor nation, which is plunged into an austerity program. That is the theory, and it is said to have worked in 1995 in Mexico. That nation paid back the borrowed funds early. The operation was declared a victory. There were only two problems. The first, which is only a problem in ruling class circles if it becomes politically unmanageable, is that living standards dropped precipitously for the masses. The second is that such bailout funds set precedent. Others recklessly lend to similarly positioned nations with the implicit guarantee that they too will be bailed out if need be. This moral hazard is widely credited, if that is the word, with leading to even more lax lending in East Asia well after the dangers were clear. But to see moral hazard is to see only part of the picture.

The hope of international capital is that the Asian debt crisis will force the relinquishing of corporate assets at fire sale prices and the passing of control of Asian banks and industrial capital to foreign capital, as occurred in Latin America because of the way their debt crisis was "solved." In an era of substantial concentration and centralization on a global scale, from banking to telecommunications, chemicals to electronics, companies are likely to merge within national economies and across borders to increase control, forming globally viable giants like U.S. manufacturers did at the turn of the last century. While such concentration seems inevitable, who controls the new giants does not. International capital would like to see the crisis

“solved” in such a way that Asia’s political insider capitalists are forced to surrender ownership and control to them as condition for any rescue. Overextension is a crisis for the borrower. It can be an opportunity for the lender. The consolidation of control by transnational capital through the mechanism of coercive settlement of debt crises is the central feature of modern capitalism.

The first part of the strategy is the protection of the international bankers through the use of overwhelming financial credits to be paid back by austerity. This is accomplished by producing devastating levels of unemployment and forcing wages down. Devaluation makes imports more expensive and diminishes standards of living on the consumption side. In Mexico after the “successful” 1995 bailout the average wages of Mexican workers fell another 30 percent on top of the devastation of the “lost decade” of the 1980s, from which ordinary Mexicans had not recovered. This second problem, the price paid by the people, is not part of the bankers’ calculations and is willfully ignored by the international agencies charged with defending their interests. The second part of the strategy has to do with the appropriation of local assets by foreign investors. By forcing open debtor nation markets and the sale of valuable companies which had been driven into insolvency by the financial crisis, the rescue plan has another strongly redistributive aspect. American capital increases its hold on the dependent economy. This second aspect of the conventional rescue from the debt cycle can be called financial imperialism, and is widely recognized as such.

The charge that the IMF is a tool of American foreign policy is, says the *Economist*, “over the top, but not by a lot. Some of the measures forced on South Korea—particularly in areas such as opening up to foreign banks—are items high on America’s bilateral agenda.”³ Indeed, many of the measures Korea has been forced to agree to (like a reduction in the documentation required to import cars) are hardly matters which one should expect to be tied to a financial rescue plan. As in Latin America, the IMF wants the banks protected and the private debt turned into public debt. The taxpayers of the United States and other economies are to pay into the IMF so that it can lend the money and turn it over to the banks which made the bad loans. On top of this the IMF conditionality imposes austerity on Korea which will lead to more unemployment and greater

suffering all around by precipitating a worse downturn by withdrawing purchasing power.

The Korean stock market has fallen by over 40 percent and its currency has lost over half its value against the dollar, pricing the country's assets in dollars at about two-thirds less what they sold for a year ago. Wealthy westerners, individual investors and major transnational corporations are sniffing out bargains. Michael Jackson, the entertainer, is negotiating to buy a ski resort from its current owner, a failed underwear maker. Samsung Electronics, the world's largest memory chip producer, has a market capitalization of a mere \$2.4 billion, equivalent to about what it costs to build just one of its state of the art factories. In negotiating with the United States and the IMF, Korea has granted foreign investors control over Korean companies and banks, something it had steadfastly refused until forced to its knees by the financial crisis. Ford and its Mazda subsidiary (which already owns 17 percent of the now bankrupt Kia Motors) are waiting to take full control until the Korean government amends labor laws, making it easy for foreigners to sack workers, and absorbs more of the company's huge outstanding debt. Similarly, before Citibank and Chase take over Korean banks they demand the government take over more of their bad loans first.

There is, however, a deeper aspect to the demands being made on Korea. The very system of state-led development which produced the greatest decades-long rate of economic growth any nation has ever experienced depended on high leverage. Low-cost capital was channeled to the *chaebols*, who were then able to grow rapidly and make investments which would not have been at all possible under a Western-style banking system. Korean companies have overextended themselves in the present period. If they are forced to reduce their leverage ratios they will have to dramatically downsize, creating high unemployment and deep recession in Korea. In the *long run*, a restructured Korea would perhaps resume growth on a Westernized financial basis, but the transition would shake Korean society to its core in ways which cannot be predicted, and the economic shakeout would have consequences felt far more broadly. Similar efforts to restructure the Japanese financial system may have similar consequences—producing serious recession and unemployment, and threatening global depression

because of the importance of the Japanese economy. We are in uncharted waters, and those who place a naive faith in the magic of the market are exposing the world economy to substantial risk.

The imperialism of finance brings to the fore the class contradiction of the debt relation, demonstrates how debt is used to force redistribution of wealth and power, and is a powerful tool of capital in subjugating labor. The popular campaigns against the International Monetary Fund and the World Bank, the World Trade Organization, and the proposed Multilateral Agreement on Investment represent the growing awareness of how capital constructs and uses rules of the marketplace as means of class domination. The Asian crisis highlights once again the costs of a system in which the imperialism of finance offers a stark choice. Its solutions increase suffering for the masses and solve crises by redistributing wealth and power upward. The experts are indeed right. *Within the system* there may be no alternative. But this is only to say that solutions must be found outside the perpetuation of the unjust institutional structures of capitalism. On this, the hundred fiftieth anniversary of the *Communist Manifesto*, there is greater receptivity to such rethinking than there has been in a long time.

NOTES

1. "The Overcapacity Bomb," *Business Week*, October 13, 1997, p. 138.
2. "Will the world slump?" *The Economist*, November 15, 1997, p. 15.
3. "New illness, same old medicine," *The Economist*, December 13, 1997, pp. 65-6.

Science in a Skeptical Age

by John Bellamy Foster

John Gillott and Manjit Kumar *Science and the Retreat from Reason* (New York: Monthly Review Press, 1998) \$18.00 [paper], pp. 248.

We live in a skeptical age. All of the basic concepts of the Enlightenment, including progress, science and reason are now under attack. At the center of this skepticism lie persistent doubts about science itself, emanating both from within and from without the scientific community. Recent titles by scientists give an idea of the extent of the crisis in confidence *within* science: *Science: The End of the Frontier?* (1991) by Nobel prize winner Leon Lederman; *The End of Certainty* (1996) by Nobel laureate Ilya Prigogine; and *The End of Science* (1996) by *Scientific American* writer John Horgan.

Attacks on science from *without* are legion and while emanating from both right and left are increasingly associated with the post-modernist left, leading to the publication of numerous conservative attacks on the academic left for besmirching the name of science, as in the case of *The Higher Superstition: The Academic Left and its Quarrels with Science* (1994) by Paul Gross and Norman Levitt.

Science and the Retreat from Reason is undoubtedly one of the best introductions one can find to the crisis of confidence within science itself, and has some interesting things to say about the attacks on science from without. Unfortunately, Gillott and Kumar frequently write as though the attacks on science from without emanate today primarily from environmentalists, who are blamed for questioning the goal of the complete domination of the natural world by science

John Bellamy Foster, a member of the Board of the Monthly Review Foundation, teaches sociology at the University of Oregon and is coeditor of *Organization & Environment*. He is the author of *The Theory of Monopoly Capitalism* (1986) and *The Vulnerable Planet* (1994), both published by Monthly Review Press.

and technology and for raising the issue of natural limits to human activity, thereby “belittling humanity” (p. 31). As Gillott and Kumar put it: “The growing consensus behind ‘green’ ideas, which broadly elevate the natural world above human attempts to modify it, has put science on the defensive” (p. 4).

What these authors know best is science, and the bulk of this book, including all of its major chapters but one, concentrate on the growing uncertainty within science emanating from such developments as quantum mechanics, chaos theory and complexity theory (sometimes lumped together under the rubric of “the new sciences”). They focus in particular on the philosophical interpretations placed on these developments, which have frequently led scientists to reject progress and causality, and to emphasize discontinuity, uncertainty, chaos, complexity, relativism, the limits of human knowledge and control, purely aesthetic paths to truth, etc. Some scientists, they argue, have simply given up on the application of reason to reality and have retreated into pure research for its own sake; others have turned to aesthetics (the Platonic quest for beauty) as a way of discovering truth, where reason by itself will not do.

For Gillott and Kumar there has been, over the course of the twentieth century, a “combined advance of science and retreat from reason” (p. 140)—a contradiction that has deepened over the last half century. Although pointing to the First and Second World Wars, Hiroshima and the Cold War as major factors in the loss of confidence in science, these authors avoid the view that the crisis of physics brought about by the rise of quantum mechanics after 1925 had sources that were simply “external to physics” (p. 184). The crisis within science, as represented by the three scientific theories that are currently being “mobilized against progress” and reason (p. 29)—quantum mechanics, chaos theory, and complexity theory—has causes which to a considerable extent are internal to science itself. How this interacts with the wider sociology of science is therefore a very complex issue and one that can only be discussed after the internal crisis of science has been examined.

“Quantum mechanics,” as the authors of *Science and the Retreat from Reason* point out, “is one of the most successful theories that science has produced to date. It has helped to unravel the structure of the atom, explain the nature of the chemical bond, and predict the existence of anti-matter. At a more practical level, quantum mechanics has been central to the development of electronics from the transistor to the microprocessor” (pp. 33-34). But quantum

mechanics also disrupted the old Newtonian physics, creating shock waves within science that have never entirely abated. Quantum mechanics brought indeterminacy, probability, and statistical descriptions to the fore in scientific analysis, disrupting the deterministic bases of the old (pre 1925) quantum theory (and of science in general). More important, it called into question “realism—the view that nature has an objectivity independent of human consciousness” (p. 34).

Quantum physics has been described as a physics of “lumps and jumps” as in the concept of “quantum leaps.” More important it is characterized by a wave/particle duality. While the old physics had seen the world as consisting of particles and waves, quantum mechanics found the world to be made up—as Ian Marshall and Danar Zohar explain in *Who’s Afraid of Schrödinger’s Cat?*—“of indeterminate things with the potentiality to behave like waves in some circumstances and particles in others....A quantum entity is *both* its capacity to manifest itself as a wave, in which case it has momentum, *and* its capacity to manifest itself as a particle, which has position. We can never know the position and the momentum of the entity simultaneously.” The limits of knowledge in this respect have been formalized within physics as “Heisenberg’s uncertainty principle.”¹

Obviously, the indeterminacy that arises from such a physics raises important problems. For Gillott and Kumar the real difficulty does not lie with the scientific breakthrough represented by quantum mechanics itself, but with the broader *interpretation* within the philosophy of science (specifically the attacks on realism and causality and the emphasis on uncertainty), to which it gave rise. The weird results of quantum mechanics baffled physicists. As a means of dealing with this, a scientific consensus was developed around what has been called the Copenhagen interpretation—so named because of its origin in the ideas of two of the founders of quantum physics, Niels Bohr and Werner Heisenberg, both of whom were associated with the Institute of Theoretical Physics in Copenhagen. Bohr and Heisenberg took the position that quantum mechanics reduced classical notions of causality to shambles. As Bohr himself put it, quantum mechanics points to a “final renunciation of the classical ideal of causality and a radical revision of our attitude toward the problem of physical reality” (p. 36).

The Copenhagen interpretation, out of which the contemporary scientific consensus with respect to the philosophical implications of quantum mechanics arose, sought to deal with these problems by abandoning realism. In essence, the Copenhagen inter-

pretation, as Gillott and Kumar explain, argued that “*observation constructs reality*.” Bohr wrote of ‘fundamental limitations’ within atomic physics, in the ‘objective existence of phenomena independent of their means of observation’” (p. 68). No elementary phenomenon, it was argued, exists independent of observation. Indeed Bohr lapsed into a kind of solipsism arguing that “It is wrong to think that the task of physics is to find out how nature is. Physics concerns what we say about nature” (p. 76).

Strong opposition to the Copenhagen interpretation was mounted by two other founders of quantum mechanics, Albert Einstein and Erwin Schrödinger. Schrödinger’s famous, paradoxical thought-experiment known as “Schrödinger’s Cat,” which has ironically become a sort of symbol and “mascot” for quantum physics, was actually introduced to demonstrate the weird, anti-realist philosophy that had come to dominate quantum mechanics, by bringing what was being said about the micro world into focus with a macro world example. “Take a cat, said Schrödinger, and place it [shut it up] in a box together with a bottle of cyanide. Arrange things so that a hammer placed over the bottle will smash it when a single decay of a radioactive substance, also placed in the box, occurs” (p. 74). According to common sense the cat would either be alive or dead. But according to the philosophical interpretation currently attached to quantum mechanics, both possibilities coexist. If we open the box and look we see a cat that is either alive or dead. But our observations change things, the observer is part of what he or she observes, while the quantum world continues to retain both possibilities simultaneously, always remaining at one remove from the world of observation.²

Einstein supported the physics of quantum mechanics but tried to change the philosophy associated with it, bringing it back into conformity with realism and the idea of an objective world, though his views did not prevail. For Einstein, in opposition to the Copenhagen interpretation, “it is basic for physics that one assumes a real world existing independently from any act of perception” (p. 76). Warning of the dual dangers of “positivism” and “solipsism,” Einstein insisted that the hegemonic philosophy associated with quantum mechanics was a partial, “tranquilizing” one, a product of the failure to recognize that a new, more radical approach to the entirety of physics (challenging the old Newtonian physics in a more complete way) was needed.³ As he wrote, “The Heisenberg-Bohr tranquilizing philosophy—or religion?—is so delicately contrived that, for the time being, it provides a gentle pillow for the

true believer from which he cannot very easily be aroused. So let him lie there" (pp. 76-78).

Gillott and Kumar insist that Einstein's approach was clearly the right one, and that an approach based on realism will ultimately win out, though the Copenhagen interpretation remains triumphant at present, and symbolizes the "retreat from reason" within science. Similar issues, these authors argue, have been raised by the rise to prominence more recently of chaos theory and complexity theory.

Edward Lorenz, the founder of chaos theory, has defined chaos as "sensitive dependence" (p. 81). Chaos theory is a mathematical discipline that was dramatized by a talk given in 1972 by Lorenz at the American Association for the Advancement of Science meetings, entitled "Predictability: Does the Flap of a Butterfly's Wings in Brazil Set off a Tornado in Texas?"—a talk that produced the term "the butterfly effect." The butterfly effect is meant to convey nature's supersensitivity to certain ranges of phenomena. Lorenz, a MIT meteorologist, had been concerned with discovering equations that govern the world's weather. What he eventually discovered, however, was that weather is so highly non-linear that even the tiniest perturbation (the flap of a butterfly's wings) in the data, constantly fed back and magnified, can have a cumulative effect on an entire weather pattern. His conclusion was that global weather systems are supersensitive, so much so that prediction and control become impossible.⁴

Complexity theory is associated most closely with the work of the Nobel prize winning chemist Ilya Prigogine. Prigogine's work starts with the classical second law of thermodynamics which says that natural systems tend over time to generate disorder or entropy—out of which arises the concept of "the arrow of time," or irreversibility, which applies to the whole natural world. Prigogine, however, argued that in far from equilibrium systems, which characterizes the phenomenon of life, order rather than disorder is created, through a process of "self-organization" and growing complexity (order on the edge of chaos). The new order acts as a "strange attractor" that is able to pull energy into the complex pattern. Such "far from equilibrium systems" do not contradict the second law of thermodynamics which applies to nature as a whole, since such complex structures of self-organization can be described as "dissipative structures," in that they create order by dissipating disorder into their environments. Hence, local regions of order are created within a world nonetheless characterized by growing entropy.

Far from equilibrium systems, according to Prigogine, can adapt by selecting for increasing complexity (or greater self-organization) rather than being ruled simply by change caught on the wing, or by frozen accidents, as described by a more Darwinian tradition. Complexity theory thus generates models that appear to be the absolute antithesis of reductionist science, requiring complex, non-linear equations that have to be run through computers. Moreover, it tends to point like chaos theory to the notion that the world is far too complex/chaotic for predictability. The result is what Prigogine calls "the end of certainty"⁵

For Gillott and Kumar the doubts regarding reason raised by chaos and complexity theories are akin to those raised by quantum mechanics but have "even graver" significance since the scope of the claims is wider. "Not only all of nature but the whole of human society is said to be governed by laws beyond our control" (p. 186). Indeed, a kind of "empire-building" is at work where these theories are now seen as keys to the workings of human society as well as nature (*Ibid.*). Complexity theory is seen by many of its proponents as equally applicable to the weather, the stock market and the human mind. Yet, all of this, Gillott and Kumar argue, leads inexorably to the "belittling" of humanity. Since chaos theory suggests that there is no way of controlling or even fully understanding natural processes the scope for human self-determination is thereby much lessened.

Complexity theory, for its part, these authors contend, conveys a kind of "teleological" view on the one hand, and on the other suggests (as in chaos theory) that nature is too complex for rational intervention. This attack on the scope of human reason, these authors argue, can be traced ultimately to "The Green desire to take humanity down a peg or two from 'the pinnacle of some self-defined evolutionary hierarchy,'" which "is one of the driving forces of excess in complexity theory" (p. 187).

John Horgan, in his controversial book *The End of Science*, has usefully described chaos and complexity theories as "ironic science" in the sense that they tend to point to results that are interesting, even paradoxical, and that highlight the limitations to human knowledge, but which are questionable in terms of their usefulness.⁶ In that respect these theories seem to reflect the skeptical and ironic climate of "postmodern culture" in which doubts about the possibilities of human knowledge and rational control of both the social and natural environments are rampant.

Gillott and Kumar are therefore right to warn us of the dangers of the uncritical application of this kind of ironic science to all of reality. With respect to chaos theory the threat is perhaps less since the range of such theories are clearly limited even in their application to nature. The mathematical result of chaos—even with respect to nature—arises in part, Gillott and Kumar argue, because of the very simple set of variables taken into account. Chaos theories are therefore open to the criticism, especially with respect to ecology, that they often ignore key aspects of the reality they set out to describe, and that once these other aspects are added chaos disappears. According to Gillott and Kumar some systems are chaotic but the application is clearly limited. “Linear models plus ‘noise,’” it is suggested, might work better (p. 87).

The imperialistic tendencies of complexity theory are harder to argue against, and indeed social scientists have jumped onto complexity theory to bolster their own perspectives, often in widely contradictory ways. For example, Bruce Rich, a director of the conservative environmental organization The Environmental Defense Fund, has turned to complexity theory in his widely influential book, *Mortgaging the Earth*, in order to argue that we cannot “predict, plan, and manage ‘global environmental crises’” (p. 30). This may seem to exhibit a degree of rationality from an environmental perspective; but it also suggests that we cannot plan sustainable development, and thus has an eerie connection (made more credible because of the Environmental Defense Fund’s close connection to business) to the proposition of another strong proponent of complexity theory, Friedrich Hayek. In his final book, *The Fatal Conceit* Hayek launched an attack on the whole Enlightenment notion of rationalism as exemplified by “socialistically-inclined” thinkers like Einstein and Bertrand Russell, on the grounds that society was too complex for rational planning and that the market system was in effect an institutional recognition of that fact. The moral: nothing should be done to interfere with the self-organization of the market, which was, Hayek suggested, akin to the self-organization of nature as envisioned by complexity theory (p. 115).⁷

Postmodern leftists (and indeed left thinkers of all kinds) of course have also borrowed heavily from chaos and complexity theories—and have been widely criticized by the right for their “higher superstition” in doing so.⁸ Indeed, Gillott and Kumar argue that the right may reject reason more fully but they never truly reject science as power (in contrast to leftists who are willing to extend

their rejection to the latter). As a result the retreat from science as well as reason, they argue, is a malady that is particularly characteristic of the left.

For Gillott and Kumar it wasn't the first New Left, represented by figures like E.P. Thompson and C. Wright Mills, who were responsible for the retreat from reason, but "a quite different movement, which has also come to be known as the 'New Left,'" that "emerged later on" (p. 154). Here they point to the influence of the Frankfurt School, and in particular Max Horkheimer, Theodore Adorno, and Herbert Marcuse who brought a kind of Weberian critique of the Enlightenment to the left, and who rejected technology and the idea of "the human domination over nature" (p., 155).

One would naturally expect this observation to be followed by a critique of the postmodernist left, which developed to a considerable extent out of the ideas of the "second new left," and of the uncritical way in which these postmodern thinkers grabbed on to the "new sciences" in order to bolster their attacks on Enlightenment values.⁹ There is however little to be found in the way of a critique of postmodernism in Gillott and Kumar's book (despite the occasional references to Paul Feyerabend and Andrew Ross). Rather *Science and the Retreat from Reason* clearly focuses, in what is its penultimate chapter—also entitled "Science and the Retreat from Reason"—on environmentalists as the main contemporary enemies of science and reason, and the most potent force in the attack on science from without. For Gillott and Kumar science and reason are essentially Baconian, i.e. aimed at "the enlarging of the bounds of human empire" to the control of all of nature, or they are not, properly speaking, science and reason at all.¹⁰

Here their book goes through a strange metamorphosis, and from a strong and in many ways brilliant defense of science and reason it turns, in my view, into the opposite, by taking on all of the assumptions of what Paul and Anne Ehrlich, in their book *The Betrayal of Science and Reason*, have described as the current "brownlash" against environmentalism.¹¹ For Gillott and Kumar the retreat from science and reason associated with environmentalism can be traced to Rachel Carson who "in her polemic against the use of insecticides, *Silent Spring*" argued "that life, including insect life was a miracle 'beyond our comprehension,'" and that it "'deserved reverence and humility from human beings.'" Placing her in the same camp as Horkheimer, Adorno, and Marcuse (in terms of her critique of technology and the Enlightenment), Gillott and Kumar criticize her

for “her attack on science as conceited and arrogant” (p. 156). The “nightmares of Carson and Marcuse” and the “fear of the Revenge of Nature” that they spawned have become, we are told, part of “mainstream culture” and a source of growing irrationalism (p. 159).

At another point in their argument Rachel Carson and Vance Packard are presented as examples of those who attack science not for its “unfulfilled potential” but for the reckless and heedless imposition of science and technology within a vulnerable world. “From Vance Packard’s *The Waste Makers* through to today, the radical critique of capitalism was and remains that it was producing and consuming too much not too little. The problem was seen and remains seen as one of *waste*, and in particular humanity’s seemingly deep-seated tendency to go about *laying waste to the natural environment*” (p. 142). No doubt for Gillott and Kumar, works like *Monopoly Capital* by Baran and Sweezy, which more than any other political economic critique of contemporary capitalism related issues of surplus production and absorption to problems of economic waste, fall in the same category.

Certainly their attack on environmentalism doesn’t stop short of criticism of contemporary Marxian political economy. Indeed, one thinker who is singled out for special condemnation in their argument is the Marxist economist Elmar Altvater, who Gillott and Kumar pair with the right-wing eugenicist and Malthusian Garrett Hardin—as if there really weren’t any difference between the two! Altvater is roundly condemned for his application of the second law of thermodynamics (or the concept of entropy) to the realm of economics in his important work *The Future of the Market*, and for his attempts to connect this to Marx’s political economy.

In Gillott and Kumar’s view, Altvater has simply done a “*volte face*” by turning from the crisis of slow capitalist growth (in his earlier work, focusing simply on the economy) to the problem of too much capitalist growth (in his more recent ecologically-informed analysis). Failing to understand the nature of Altvater’s analysis—its theoretical roots in the work of Nicholas Georgescu-Roegen, its connection to the whole tradition of ecological economics, and its relation to Prigogine’s work on dissipative structures—Gillott and Kumar are simply content to say that the earth is not a closed system since it gets energy from the sun, and that there “are no absolute limits to the energy at mankind’s disposal, nor will there be for millennia” (p. 163). The fact that the world capitalist economy is a massive, ever increasing, and highly intensive “dissipative structure” (to borrow

Prigogine's term) that creates its only kind of competitive order by drawing on low entropy energy and resources and dissipating disorder (high entropy) into its environment seems to have passed Gillott and Kumar by. But it is a vital element in explaining the growing scale of the contemporary ecological crisis—and in the critique of capital accumulation for its role in engendering this crisis. In Altvater's words, "As a rule ... high rates of accumulation are bound up with high use of energy and materials and may thus accelerate the entropy increase of the natural system."¹²

Science and the Retreat from Reason goes on to attack Malthusian fears of overpopulation, as exemplified in the work of mainstream liberal Paul Kennedy. Some of the points that they make are good ones. Nevertheless, they attack Kennedy for treating the population of 10 or 11 billion projected for the end of the twenty-first century as a disaster. They counter by claiming that "It has been estimated that, *using agricultural techniques already in existence*, the Third World alone could feed 32 billion people, without the help of the vast fertile areas of Russia and the Ukraine" (pp. 165-66).

Here I rubbed my eyes in disbelief. What kind of agricultural techniques are being referred to—those of U.S. agribusiness? Even granting their initial premise which focuses on food supply, what would be the wider ecological impact on the earth's carrying capacity of the implementation of these current agribusiness techniques (requiring intensive utilization of fertilizers, pesticides, machinery, etc.) on such a planetary scale?

A naïve willingness to accept all technology without question is evident throughout *Science and the Retreat from Reason*. Thus Gillott and Kumar write as if the left is simply being irrational in being skeptical about the wisdom of obtaining "cheap electricity from atomic power" or the application of "genetic engineering" (p. 173)—as if these technologies did not raise quite horrific possibilities. Even the *Bulletin of Atomic Scientists* is attacked, by Gillott and Kumar, for its unwillingness in 1992 to celebrate the 50th anniversary of Enrico Fermi's success at producing the first controlled, self-sustaining, nuclear chain reaction—because of the subsequent history of how this scientific discovery was applied (p. 170).

Not ones to stop half-way in their criticisms, Gillott and Kumar go on to contend that all of those who believe that there are ecological limits to economic growth (even ecological limits to capital accumulation) have succumbed to "a mass psychosis about limits in nature" (p. 166). Such views, we are told, are anti-science

and anti-reason. Yet the fact remains that they are held by many, probably most, scientists, and hence cannot simply be presented—as Gillott and Kumar are wont to do—as attacks on science from without. Moreover, the arguments offered in support of the view that human society is more and more in conflict with its own ecological life support systems are often models of the application of human reason—in the simplicity and incontrovertibility of their arguments. Thus, in his last book, *Billions and Billions*, Carl Sagan observed that,

... today we face an absolutely new circumstance, unprecedented in all of human history. When we started out, hundreds of thousands of years ago, say, with an average population of a hundredth of a person per square kilometer or less, the triumphs of our technology were hand axes and fire; we were unable to make major changes in the global environment. The idea would never have occurred to us. We were too few and our powers too feeble. But as time went on, as technology improved, our numbers increased exponentially, and now here we are with an average of some ten people per square kilometer, our numbers concentrated in cities, and an awesome technological armory at hand—the powers of which we understand and control only incompletely.... We are now able, intentionally or inadvertently, to alter the global environment. Just how far along we are in working the various prophesied planetary catastrophes is still a matter of scholarly debate. But that we are able to do so is now beyond question.¹³

For Sagan it is scientists who have been most consistently and rationally concerned about environmental issues: “Except for millenarians of the various denominational persuasions and the tabloid press, the only group of people that seems routinely to worry about the new claims of disasters—catastrophes unglimped in the entire written history of our species—are the scientists.”¹⁴ Ultimately, it is not just environmentalists who come under attack in Gillott and Kumar’s book but all of those, among scientists and philosophers, who have raised questions about the role of science in contemporary society. Thus among those who are supposed to have retreated from science and reason we find, astonishingly, such names as Robert Oppenheimer (because of his quote from the *Bhagavad Gita*—“I am become death, the destroyer of worlds”—when viewing the first atomic blast), Bertrand Russell and Alfred North Whitehead (pp. 22, 113, 197).

It is difficult to understand, in fact, how a book that began with such a brilliant defense of science and reason, and indeed of realism, could lead in the end to such a state of unreason. The importance of Gillott and Kumar’s book is that they provide a critical, to some extent socially informed, view of twentieth century revolutions in science, and of the crisis of confidence that has resulted. Their discussion of the conflicts within science over quantum mechanics, chaos theory and complexity theory stand as an important warning for those who wish to adopt hasty conclusions and to carry them over

into the philosophy of science, and indeed into the social science and humanities. It helps us to understand more fully the faulty origins of some contemporary postmodern nonsense. Yet, the view that they present is insufficiently critical of capitalism, and its shaping of science and technology—to the point of denying fundamental social and ecological problems, and presenting a simple-minded (and in some ways quite reactionary) glorification of the human domination of nature. Thus with their book we get the bad with the good.

It is crucial to remember that quantum mechanics, chaos theory, and complexity theory are complex theories, open to different interpretations—some more in line with reason, some less so. It is important to be cautioned against some of the dangerous (and unreasoning) ways that these theories can be applied—a problem that in some ways parallels the Darwinian revolution of the nineteenth century (when the most common application within the social world was social Darwinism with its notion of “the survival of the fittest”). It is certain that chaos and complexity theory can be misused. But they also provide us with new ecological insights—and hence (like all important scientific achievements) cannot be simply rejected outright. As Whitehead once wrote, “A civilisation that cannot burst through its current abstractions is doomed to sterility after a very limited period of progress.”¹⁵

Environmentalists, Gillott and Kumar's complaints notwithstanding, are not simply uncritical promoters of chaos and complexity theory. Indeed, chaos theory has been used by some (in post-Odum ecology) to derail notions of ecological planning and even the concept of ecosystems, resulting in a crushing critique by environmental historian Donald Worster of the roles that chaos and to a lesser extent complexity theory are playing in some contemporary environmental thought.¹⁶ Environmentalists are therefore on both sides of this controversy. Others see the “new sciences” as leading to a new holism—a shift toward Whitehead's dialectical process philosophy—that will eventually unite the natural and human sciences.

In the end there is no way of addressing the issue of the status of science and reason in our age except by recognizing both the wealth and the poverty of science. Our capacity to judge the extent of both the former and the latter is affected by the extent to which we take seriously the critique of capitalist society and capitalist ideology. One thing we do know, and that Marx insisted on, is that

in the alienated present the “pure light of science seems unable to shine but on the dark background of ignorance.”¹⁷

This is a problem that many natural and physical scientists themselves have struggled with, recognizing that the poverty of science lies in its reductionist, instrumentalist use—ultimately traceable to the estranged nature of contemporary society.

In defending the wealth of science in the face of those postmodernists who would abandon it completely, we need not blind ourselves to the fact that this same wealth of science (much of which is merely potential) is accompanied by its impoverishment in practice. Nor should we ignore the fact that the harnessing of science to the narrow, mindless goal of profit maximization has brought humanity to such an end that an ecological crisis of truly planetary proportions now threatens. Under these circumstances, those who do not ruthlessly critique contemporary science and technology and the uses to which they have been put, as Carl Sagan warns (quoting the biblical Proverbs), are setting “an ambush for their own lives”—and those of all of humanity.¹⁸ At one point Gillott and Kumar lead us out of this ambush only to lead us back again in the end. Readers of this interesting and provocative book—and I hope there are many—should therefore be on their guard.

NOTES

1. Ian Marshall and Danah Zohar, *Who's Afraid of Schrödinger's Cat?* (New York: William Morrow, 1997), pp. 181-84, 295-99.
2. *Ibid.*, pp. xiii-xv; Walter Moore, *Schrödinger: Life and Thought* (New York: Cambridge University Press, 1989), pp. 306-09.
3. Albert Einstein, “Remarks Concerning the Essays Appearing in this Co-Operative Volume,” in Paul Arthur Schilpp, ed., *Albert Einstein Philosopher-Scientist Vol. II* (New York: Harper and Brothers, 1951), pp. 667-73.
4. Marshall and Zohar, *Who's Afraid*, pp. 77-78.
5. See Ilya Prigogine, *The End of Certainty* (New York: The Free Press, 1996).
6. John Horgan, *The End of Science* (New York: Bantam, 1996), pp. 6-8.
7. For a critique of Hayek's *Fatal Conceit* see John Bellamy Foster, “Market Fetishism and the Attack on Social Reason: A comment on Hayek, Polanyi and Wainwright,” *Capitalism, Nature, Socialism*, vol. 6, no. 4 (December, 1995), pp. 101-07.

8. In an extremely biased, hypocritical, and distorted right-wing "critique," two science writers, Paul Gross and Norman Levitt, make much of the scientific lacunae (with respect to knowledge of the new sciences) in the work of such thinkers as Stanley Aronowitz, Steven Best, Sandra Harding, Carolyn Merchant, and Andrew Ross, also taking time out to deride Immanuel Wallerstein. One of the things that makes Gross and Levitt's account so biased—despite the inanities of postmodern theory that they are able to point to—is that these authors try to conceal the wide range of disagreement among leading scientists themselves about the implications of these ideas, pretending that the whole controversy was simply invented by academic leftists in the social sciences, particularly feminist and environmentalists. There is of course no suggestion that right-wing icons within social science, like Friedrich Hayek, might also be worth scrutiny in this respect. See Paul R. Gross and Norman Levitt, *The Higher Superstition: The Academic Left and Its Quarrels with Science* (Baltimore: John Hopkins, 1994).
9. For a discussion of the first and second new lefts see Ellen Meiksins Wood, "A Chronology of the New Left and its Successors," in Leo Panitch, ed., *The Socialist Register*, 1995 (New York: Monthly Review Press, 1995), pp. 22-49.
10. Baconianism, it should be remarked, is a complex philosophy, the most influential statement of the entire scientific project that emerged in the sixteenth and seventeenth centuries. Arising from a revolutionary bourgeoisie, the breakthroughs in science (and even more in the philosophy of science) at the time, have inspired widely diverging traditions. Much of contemporary anti-ecological thought can be traced to ideas generated by Bacon. But Bacon's ideas also generated critical ecological insights. While it would be too much perhaps to claim that there has been a green (ecological) Baconianism, as well as a brown (anti-ecological) Baconianism, Bacon's influence can clearly be seen on both sides of this debate. For example, Marx and Engels ecological views often reflected a critical appropriation of key Baconian ideas, such as his famous maxim that nature can only be commanded by being obeyed. I owe much of my own understanding of this, I should acknowledge, to conversations that I have had with my colleague John Mage, a member of the Monthly Review Foundation Board.
11. Paul and Anne Ehrlich, *The Betrayal of Science and Reason* (Washington, D.C.: Island Press, 1996). Unfortunately, the brownlash that the Ehrlich's describe is also occurring within Marxism, and not only in the work of Gillott and Kumar. For example, in *Rethinking Marxism* Blair Sandler criticizes Barry Commoner, James O'Connor, Victor Wallis, and myself for arguing that there is an inherent conflict between capital accumulation and ecological sustainability; and for presenting the view that capitalism has engendered an ecological crisis which it can no longer control and that may play a part in its undoing. For Sandler, in contrast, capitalism is already greening itself in fundamental ways, under the leadership of multinational corporations. See Blair Sandler, "Grow or Die: Marxist theories of Capitalism and the Environment," *Rethinking Marxism*, vol. 7, no. 2 (Summer, 1994), pp. 38-57.
12. Elmar Altvater, *The Future of the Market* (New York: Verso, 1993), p. 203; Nicholas Georgescu-Roegen, *The Entropy law and the Economic Process* (Cambridge, MA: Harvard University Press, 1971).
13. Carl Sagan, *Billions and Billions* (New York: Random House, 1997), pp. 72-73.
14. *Ibid.*, p. 75.
15. Alfred North Whitehead, *Science and the Modern World* (New York: New American Library, 1925), p. 59.
16. Donald Worster, "The Ecology of Order and Chaos," in Char Miller and Hal Rotham, ed., *Out of the Woods: Essays in Environmental History* (Pittsburgh: University of Pittsburgh Press, 1997), pp. 3-17.
17. Karl Marx, "Speech at the Anniversary of *The People's Paper*," in Marx and Engels, *Collected Works*, Vol. 14 (New York: International Publishers, 1980), pp. 655-56.
18. Sagan, *Billions and Billions*, p. 98.

The Market Gulag

by Frederic F. Clairmont

Carmelo Budiardjo, *Surviving Indonesia's Gulag: A Western Woman Tells Her Story* (London and New York: Cassell Academic 1996), 213 pp., \$21.95 paper.

The Asian financial crisis has focused attention on the evil monstrosity of the thirty-three year long regime of General Suharto in Indonesia. Born in mass murder, and with a generation of torture, repression and looting to its credit, Suharto's gulag had long been hailed by the U.S. corporate media as a bulwark of the free world: the guarantor of private property and a bastion against uncongenial social change. Nor is it difficult to grasp the logic of this semantic perversity. At present there are 121 transnational corporations that luxuriate within his kingdom. There are twenty-three major international law firms, fourteen of which are American.

The epic pillage of the proliferating Suharto dynasty has rocketed to a stratospheric \$25 billion that extends from the patriarch to his grandchildren. As with Mobutu's regime in the Congo, the demarcation between the public and private sectors is blurred. This self-perpetuating autocratic dynasty that tyrannizes Indonesia incarnates the double gulag: corporate and political. At long last the sounds of something important coming apart in this rotten inhuman structure can be heard. If you would know something of how this foul criminal "free world" enterprise came about, and therefore something of how the struggle to destroy it will be shaped, Carmelo Budiardjo's memoir is well worth your attention.

Frederic F. Clairmont was a Senior Economic Affairs Officer in the United Nations. He is a regular contributor to *Le Monde Diplomatique* and is the author of *The Rise and Fall of Economic Liberalism* (Distributed in North America by the Apex Press, Suite 3C, 777 United Nations Plaza, New York, NY 10017).

One of the preconditions of the World Bank and International Monetary Funds's liberalization blueprint that spawned this gulagite El Dorado was the annihilation of the Indonesian Communist Party (PKI). The party's activism harked back to the early twenties, and its armed struggle against the Japanese and Dutch colonialists was decisive in the victory for national liberation. The slaughter of the PKI was one of the CIA's grandest triumphs (though "credit" must also be given to their British accomplices). In the six months following the commencement on October 1, 1965 of the Washington/Suharto carnage, around half a million communists and their sympathizers were butchered and another one million disappeared. A decade later, 175,000 Timorese men, women, and children were turned into corpses. Like Suharto's pillage, the body count continues to rise. Those that emerged alive from Suharto's death camps and detention centers, peppered over the archipelago, were scarred for life, black-listed, and subject to permanent surveillance. Well could General Pinochet, bankrolled by the Kissinger/Nixon duo, exultantly exclaim that the "liberation (sic) of Indonesia has been the greatest source of inspiration to us."

Carmelo Budiardjo's poignant story does not claim to be an exhaustive portrayal of the terrors of the Washington/Suharto axis.¹ Rather it is a personal memoir that provides insights into the innermost nooks and crevices of the administration which she, like her husband, knew intimately. To single out the harrowing chapter 6 that describes the dynamics of the coup would diminish her achievement. Almost every page, composed with elegance and astounding detachment, enhances the poetic power that unmasks the sheer rapacity of the counter-revolutionary putchists and their tenacity in wiping out the forces of the left.

It is an unforgettable and timely work of a woman whose profound faith in justice were shaken by her experiences, but never shattered by the criminal killer regime that still rules Indonesia. Why did it take the author such a long time to chronicle the era of massacres and mass imprisonment? It was only in her seventies that the idea of publication, in large measure due to prodding by her friends, became a personal obsession. The literature on the subject as she confesses is very sparse. Among the most outstanding is *Sunyi Seorang Bisu (The Silent Song of a Mate)* by Ananta Toer, one of Indonesia's preeminent men of letters.

Budiardjo's work is more than the political testament of a great militant; it is an ardent love story of a young Anglo-Jewish woman

who married an Indonesian communist and Muslim. Her revolutionary spirit, like millions of her generation, was stoked by the fires of the antifascist struggles of her time. Like hundreds of others, she traveled to Yugoslavia to build the Youth Railway in 1947. She participated in several conferences in Europe that deepened her knowledge of, and compassion for, the Asian liberation struggles that were now simmering cauldrons. Traveling and observation had broadened her world outlook but no less weighty was her membership in the British Communist Party, a vibrant political force, whose spiritual breadth at all levels of British society vastly outstripped its tiny membership. Her sojourn in Yugoslavia was followed by a job at the International Union of Students (IUS) in Prague. It was there that she encountered “the Asian crowd” as she calls them: Indians, Chinese, Vietnamese, Indonesians; and it was the Asian world to which she gravitated because “I felt more at home with Asians.” As an IUS official she visited India to prepare the South East Asia Conference. It was in India, notably Bombay and Calcutta, that she came face to face with the brutality of police repression:

On a visit in Bombay, I saw Indian troops attack a public students meeting that I was attending. In Calcutta, I saw armed hooligans attack a hostel where some of the conference delegates were staying. Two student helpers were murdered in front of my eyes. It fell to me as the only representative of the IUS present to officiate at the funeral. I had never attended a funeral in my life.

Her work took her to areas in Burma liberated by the communist peasant movement. She had become an internationalist in the noblest sense of that word: teaching, writing, organizing and above all observing with a naturally shrewd and analytical brain. The year 1948 was a crucial year in the trajectory of her life: in that year she met and fell in love with an Indonesian progressive studying at Prague’s Charles University. It was an event that generated turbulence on the family front. “My parents had not been able to accept my decision to marry a non-Jew, and the fact that Bud was a Muslim made it worse. Once I made up my mind, my father refused to have anything to do with me.” A rapprochement would come much later, but not before she had been bombarded with the remonstrance that if she had not been gallivanting around the world such an event would never have transpired. Was she not aware that Muslims had four wives and ate with their fingers? Of the essence, however, was that new vistas were in the offing.

She was about to embark on an odyssey with her husband to a land of struggles that led ultimately and tragically, many years later, to the gulag and her expulsion from Sukarno’s empire. In the intervening years she worked closely with the PKI as a translator, a university teacher and economic and social analyst although she was never a

member of the party, as she says. Given her commitment to national liberation and socialism, what inhibited her from formalizing her relationship with the vanguard party? Although modesty prevents her from saying so, it is apparent that she had become a public figure.

Her contacts with expatriates were no doubt slight but was she not aware of the extent to which the United States and, not less so, the British embassies had systematically collected tens of thousands of names of so-called subversives and liberals of every vintage since the proclamation of the Republic? Surely this was recognized prior to October 1965. Indeed, I learned about this from an Indonesian colleague in the UN Secretariat. Hundreds of their highly remunerated scum had infiltrated every niche of the State apparatus and not least the armed forces. This was and remains standard procedure. In this respect, Chile, amongst others, was an extrapolation of these practices. At the appropriate hour the victims were handed over to the "free world's" appointed executioners. In the British embassy there was a special room where these files on alleged actual and potential revolutionaries were kept. It was baptised with the grisly epithet of "the boneyard."

Not only had the PKI sought her advice, but she intimately knew several party members, and presumably her husband was a PKI member. Further, she worked with the Deputy Prime Minister, Dr. Subandrio. Not only were her physical and intellectual attributes discernible but being an *orang bule* (a white skinned person) accentuated her public profile, and enhanced her vulnerability. Surely these were not attributes that could have been dissimulated from the British and US embassies that were the co-conspirators in flesh and blood in the October butchery and its grimmest of aftermaths? In October 1965, a week after the killings had commenced, U.S. Secretary of State Dean Rusk in his cable of commendation to the U.S. ambassador pontificated that the campaign against the PKI "must continue and that the military is the only force capable of creating order in Indonesia." The *Wall Street Journal* was effusive, acclaiming Suharto for deploying "strength and finesse." This was not a solitary voice; it was the almost unanimous voice of the corporate media.

Several PKI members that survived the gulag related to me the ecstatic wave of euphoria that swept the minds and souls of progressive Indonesia before the thunderclap of the holocaust. They were as one of them strikingly puts it "flying on the wings of history," and believed they would achieve their goal through the ballot box. This was no doubt also the case with many of Allende's militants. Budiardjo expressed a similar sentiment: "I often felt elated that I was on the winning side."

Like others before and after, they had failed to grasp the extent of imperialist demolition that was undermining their foundations.

The PKI had what appeared to many to be an excessively cozy alliance with Sukarno. It was pro-Chinese, and the mid-sixties was the apogee of the Cultural Revolution and Vietnam's war of liberation. In the Soviet Union, when the cataclysm struck, there was not much protest of the killing fields. After all, a fierce ideological adversary had been squelched.

In the years leading up to October 1965, Carmelo Budiardjo became integrated into Indonesian society, or at least so she believed. Her contacts with expatriates were slight; her husband attained ministerial rank. She acquired great fluency in the Indonesian language, and obtained a masters degree at Jakarta University and took up an academic career. In those years she worked intimately with party members. The U.S. and British embassies, as the leading co-conspirators, were obviously not unaware of her movements. Her husband was arrested immediately; her turn came three years later. Nor is this surprising. The preliminary questions at the interrogation at the moment of her arrest were standardized: what did you do in Czechoslovakia? When did you first hear about the coup? What were your reactions? What are your views of the Communist Party and its program? What advice did you give to the former deputy prime minister, Dr. Subandrio, when you worked in his secretariat? Who visited you at home before the coup? After the coup? Give the names and addresses of your ten closest friends. Banal, but mere *hors d'oeuvres* to the main course.

The concentration camps were designed, as they universally are, to keep inmates in a constant state of terror, to break their morale. The powers, after all, under which the inmates were held were extrajudicial, and the junta—then as now—was answerable to none but itself. The horrors were unspeakable, but the camps had become a new university of a special kind in which the illusions and delusions of the past were quickly shed. It was there that she and others were able to reflect not only on their predicament but on the fate of the Indonesian revolution. What went wrong, and why did it go wrong? Simple questions that called for complex answers. Understandably there is much more than a trace of bitterness when she recounts how she first became aware of the measure to which some communist activists and leaders had become collaborators. In most cases they succumbed because they were unable to withstand the unrelenting torture to which they were subjected, as in the Israeli occupied lands, Nazi occupied Europe, Chile, and elsewhere.

In a revealing passage she observes that,

the PKI had functioned until 1965 as a legal Party: each member knew many others and could be forced, under duress, to provide a great deal of information. By 1965, many in PKI circles were confident that the Party was edging towards power by peaceful means. The idea that the Party might be plunged into a period of clandestinity was far removed from people's thoughts. Under such circumstances, activists were unprepared for the physical and psychological pressures to which they were subjected by army interrogators and torturers. Most collaborators came from the ranks of the more senior activists in the PKI or left-wing organizations.

Although she and many others were no doubt critical of Sukarno's policies even before the October holocaust, the gulag had sharpened her critical insights. Sukarno, the "father" of Indonesian national liberation, enjoyed the support of the PKI which helped to give him a mass peasant and working-class base. However, he became more and more dependent on the armed forces, whose role in the government and the national economy grew considerably during the last six years of his presidency. "His populism," she notes "had everything to do with mobilizing the masses around political slogans and nothing to do with solving the country's deepening economic crisis."

Sukarno's fatuous rhetoric that she had in mind is best glimpsed in the following morsel:

I tell you frankly, I belong to that group of people who are bound in spiritual longing by the romanticism of revolution. I am inspired by it. I am fascinated by it. I am completely absorbed by it. I am crazed, I am obsessed by the romanticism of revolution ... that is why I, who has been given the topmost leadership in the struggle of the Indonesian nation, never tire of appealing and exhorting: solve our nation's problems in a revolutionary way, make the revolutionary spirit surge on, see to it that the fire of our revolution does not die, or grow dim, not even for a single moment. Come then, keep fanning the flames of revolution. Brothers and sisters, let us become logs to feed the flames of revolution.²

Her release from the Stages Jay gulag in the early 1970s was followed many years later by the release of her husband due to international pressure. It would be the end of her Indonesian odyssey, but her expulsion to the United Kingdom has not blunted the cutting edge of her militancy. There would be a happy ending and she would be reunited with her children and family. She remains an indomitable spirit. This memoir, that offers so much, will remain one of her lasting revolutionary legacies.

NOTES

1. For the worldwide context of the CIA's bloodbath see the excellent work by William Blum *Killing Hope: U.S. Military and CIA Intervention Since World War II*, Common Courage Press, Monroe Maine, 1995. The sections covering Indonesia will be found on pp. 99-104 and pp. 193-198.
2. Quoted in Gunnar Myrdal, *Asian Drama: An Enquiry into the Poverty of Nations*, Vol. 1, p. 275, New York, 1967.

Rethinking **MARXISM**

A Journal of Economics, Culture, and Society

The aim of the journal is to stimulate interest and debate over the explanatory power and social consequences of Marxian economic and social analysis. To that end, it publishes studies that seek to discuss, elaborate, and/or extend Marxian theory. The concerns of the journal include theoretical and philosophical (methodological and epistemological) matters as well as more concrete empirical analysis – all work that leads to the further development of a distinctively Marxian discourse. Contributions are encouraged from people in many disciplines and from a wide range of perspectives. It is the editors' belief that Marxian approaches to social theory are important for developing strategies toward radical social change—in particular, for ending class exploitation and the various forms of political, cultural, and psychological oppression including oppression based on race and gender. Research that explores these and related issues from a Marxian perspective are particularly welcome.

ARTICLES OF INTEREST: Marx, Fanon, Nkrumah, and the Intersection of Socialism and Radical Feminism, *Kenneth Long* • Marxist Theory and Marxism as a Mass Ideology: The Effects of the Collapse of 'Really Existing Socialism' to West-European Marxism, *John Milios* • Throwing a Dishcloth into the Works: Troubling Theories of Domestic Labor, *Jenny Cameron*
Art, Economy, and the Differentiation of Value, *Roby Rajan*

SUBSCRIPTION INFORMATION

ISSN 0893-5696, Volume 10, 1998 (4 issues)

Individuals: \$33.00; Outside U.S.: \$45.00 (surface mail); \$55.00 (airmail)

Institutions: \$95.00; Outside U.S.: \$117.00 (airmail)

Students*: \$20.00; Outside U.S.: \$27.00 (surface mail); \$37.00 (airmail)

*Current I.D. required.

Also available in better bookstores.

GUILFORD PUBLICATIONS, INC., Attn: Journals Dept.

72 Spring Street, New York, NY 10012



Call Toll-Free: 1-800-365-7006, 9 AM to 5 PM EST

CALL: 212-431-9800 • FAX: 212-966-6708

E-mail: staff@guilford.com

Website: <http://www.guilford.com>

SAMPLE COPIES AVAILABLE!

samples@guilford.com

AGAINST THE CURRENT

A lively bimonthly magazine of socialist politics, activism and dialogue. Special focus on labor, feminism, anti-racism, movements for social and political change.

Recent features include: Edward Said on the Catastrophe in the Gulf

• Tikva Honig-Parnass on the 50th Anniversary of the Israeli State • Malik

Miah on Indonesia's Revolutionary Crisis • Stephanie Coontz, Johanna Brenner, Heidi Dorow and Theresa el-Amin on the Poverty of Welfare "Reform" • Gerard Greenfield and Martin Hart-Landsberg on the Asian Meltdown • Hector Díaz-Polanco on The Massacre at Acteal and The Struggle for Autonomy in Chiapas • A Symposium on the 150th Anniversary of the *Communist Manifesto*, including contributions by Ellen

Meiksins Wood, Staughton Lynd, Anwar Shaikh and Robin D.G. Kelley plus labor coverage of the Teamsters, UAW workers at Caterpillar & NYC transit workers.

Our July-August 1998 issue will feature
Reflections in Radical History.

Subscriptions \$25/yr (six issues)

ATC • 7012 Michigan Avenue • Detroit MI 48210



REVIEW

FERNAND BRAUDEL CENTER

**A Journal of the
Fernand Braudel Center for the Study of
Economies, Historical Systems, and Civilizations**

Vol. XXI (1998) includes:

- No. 1:** Special section, "World-Systems Analysis"
No. 2: Special section, "On Russia: Reactions to Foursov"
No. 3/4: Double issue on: "The States, the Markets, and the
Societies: Separate Logics or a Single Domain?"

Vol. XX (1997) included:

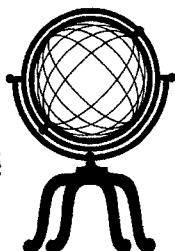
- Franco Moretti** — "Narrative Markets, ca. 1850"
Peter J. Taylor — "Modernities and Movements:
Antisystemic Reactions to World
Hegemony"

Previous Special Issues still available include:

- XV, 1, Winter 1992** — **The "New Science" and the Historical
Social Sciences**
XV, 3, Summer 1992 — **Comparing World-Systems**
XV, 4, Fall 1992 — **Two Views of World History**
XVI, 4, Fall 1993 — **Port-Cities of the Eastern Mediterranean,
1800–1914**
XVIII, 1, Winter 1995 — **Labor Unrest in the World-Economy,
1870–1990**
XX, 3/4, Sum./Fall 1997 — **Nomothetic vs. Idiographic Disciplines:
A False Dilemma?**

A brochure containing the Table of Contents of past issues
is available on request.

Institutions \$90/yr.
Individuals \$28/yr.
Non-U.S. addresses,
postage \$8/yr.
Special rate for low gnp
per capita countries \$10/yr.



Managing Editor, *Review*
Fernand Braudel Center
Binghamton University
State University of New York
PO Box 6000
Binghamton, NY 13902-6000

THE IDEAS OF VICTOR SERGE

"Victor Serge devoted his life and his brilliant pen to the revolution which for him knew no frontiers. This important collective study ... is not only a restitution of our past. It is also a significant contribution to our urgent search for a radically different society."

-Daniel Singer



Contributions by:
Victor Serge
Ian Birchall
Neal Cornwall
Guy Desolre
John Eden
Richard Greeman
Jeanine Kibalchich
Vlady Kibalchich
John Manson
Luc Nemeth
Peter Sedgwick
Wilebaldo Solano
Phil Spencer
Alan Wald
Susan Weissman

The Ideas of Victor Serge: A Life as a Work of Art

Edited by Susan Weissman

\$15.00 - Send your order to

CRITIQUE BOOKS, 4454 Van Noord, Studio City, CA 91604

Economy Connection

Speakers & Resources on Political Economics

a project of the Union for Radical Political Economics (URPE)



Has the economy been mystifying you lately?

We can provide a speaker for a political or educational event, or someone to discuss economic questions informally with members of your community organization, union or political group, or in your classroom. Our members speak and write about a wide range of domestic and international issues. Contact us and we will find someone who is right for you!

URPE National Office, 1 Summer Street, Somerville, MA 02143

(617) 776-5888 • email: URPE@igc.org

NYC Area: (201) 792-7459 • email: soapbox@igc.org

SCIENCE & SOCIETY

An Independent Journal of Marxism
Edited by David Laibman

Published quarterly since 1936, SCIENCE & SOCIETY has the distinction of being the first journal in the English language to address itself to the promotion of Marxist theoretical and empirical study. It has analyzed and contributed to contemporary Marxist thought—from the British social-relations-of-science movement of the 1930s, through the evolving reexaminations of the political economy of capitalism, to theories of third-world liberation, the unfolding challenges of existing socialism, and the emergence of a number of distinct schools within Marxism in the postwar decades.

REPRESENTATIVE ARTICLES INCLUDE:

The Dynamics of History: Structure and Agency in Historical Evolution, *Dimitris Milonakis*
• The Communist Movement in West Africa, *Hakim Adi* • Reds and the Green:
Problems of the History and Historiography of Communism in Ireland, *Emmet O. Connor*

ABSTRACTED/INDEXED IN:

Alternative Press Index, America: History and Life, Current Contents/Social and Behavioral Sciences (ISI), Historical Abstracts, International Political Science Abstracts, New Left Index, Social Sciences Citation Index (ISI), Sociological Abstracts, and many more.

SUBSCRIPTION INFORMATION:

ISSN 0036-8237, Volume 62, 1998 (4 issues)
Individuals: \$25.00, Outside the U.S.: \$32.50 (surface mail); \$47.00 (airmail)
Institutions: \$99.00, Outside the U.S.: \$121.00 (includes airmail)
Also available in better bookstores.

Guilford Publications, Inc.

72 Spring Street, New York, NY 10012, Attn: Journals Dept.



Call Toll-Free: 1-800-365-7006, 9 AM to 5 PM EST
(In Area Codes 212, 718, 516 & 914, call 212-431-9800)

FAX 212-966-6708 • **E-mail:** staff@guilford.com

Website: <http://www.guilford.com>

**Sample
Copies
Available**

1998 URPE 30TH SUMMER CONFERENCE

Gender, Work and Poverty in Theory and Practice

AUGUST 22-25, CAMP CHINQUEKA IN BANTAM CONNECTICUT

You are invited! URPE invites you to celebrate its 30th anniversary, and to discuss the future of radical political economics. The URPE Summer Conference has always played a vital role in bringing likeminded people together, sharing the spirit that condemns the injustices, inequalities, and wrong approaches to economics.

This year's theme is GENDER, WORK AND POVERTY IN THEORY AND PRACTICE. It approaches the relationship between feminist theory and heterodox: how feminist perspectives on radical political economy can enhance insight into equality and inequality in the local and international arenas; and how a radical political economy can fuel feminist economic inquiry.

Camp Chinqueka is a relaxing, family-friendly camp where URPErs and friends combine rich intellectual interplay with the outdoor fun of a clean & beautiful lake, a tennis court, comfortable cabins, and a place to pitch a tent. The camp gives a balance: classrooms for intellectual stimulation, and many outdoor options to escape classes; and great food, vegetarian and nonvegetarian dishes, to keep you going!

OUR PLENARIES SPEAKERS THIS YEAR ARE:

Lourdes Beneria

Barbara Bergmann

Medea Benjamin

Julie Mathaei

Connie Evans

Barbara Gault

Ellen Matari

John Miller

Heidi Hartman

FOR DAVID GORDON MEMORIAL LECTURE

After plenary, every night, what else! Music and dance!

For more information, please call (617) 776-5888; or email urpe@igc.apc.org

(Continued from inside front cover)

recently the answer to this question was to blame the ossified bureaucratic structure of the Tokyo government. The top bureaucrats, particularly in the Ministry of Finance, were seen as living in the past and being incapable of understanding the needs of the new situation. But this is not a very convincing story. The bureaucrats have been around for quite a while now, and during the great post-Second World War upsurge that catapulted Japan to the top level of the world economy, they gave a pretty good account of themselves. Why should we now believe that they have suddenly become a bunch of doddering incompetents?

In this situation, we have *New York Times* reporter Nicholas D. Kristof to thank for a very different and much more satisfactory explanation of Japan's recent performance, one that no one, at least in this country, seems to have had any intimation of. Kristof's contribution is contained in a long dispatch under the headline "Shops Closing, Japan Still Asks 'What Crisis?'" that takes up part of three columns on page one and almost all of an inside page (April 21, 1998).

Kristof's thesis, reduced to its essentials, is that the Japanese as a whole are not feeling any crisis, that they are reasonably satisfied with things as they are, and that they have no interest in pumping up their economy to meet the demands of the Americans. In sum, "the lack of a crisis mentality means that Japan cannot summon the political will to lay off surplus workers, to extinguish insolvent banks, to snuff out the hopes of the kindly old ladies who run rice shops and futon stores. It means that there is little public pressure on Prime Minister Ryutaro Hashimoto to push for the sweeping deregulation and huge stimulus that the United States is urging." As a further indication of Japanese opinion, Kristof cites Hironori Tatayama, a banker in a small town 200 miles southwest of Tokyo: "For people like Mr. Tatayama, the problem of economic restructuring is the price in fairness, equity, and civility. To foreigners, Japan often seems virtually socialist in mind set, profoundly believing in social equity and relying on the most progressive income tax system of any major country in the world—including a marginal rate of 65 percent on personal income taxes—to achieve the equality. After the Soviet Union collapsed, I [Mr. Tatayama] thought that socialism had failed and that capitalism was better ... but when I visited Singapore one time, I saw skyscrapers and what looked like a slum next to them. I was surprised, and maybe that was because Japan is the only place where that kind of thing doesn't happen, the only place where everyone thinks of themselves as middle class."

As he approaches the end of his long dispatch from Japan, Kristof sounds a note that must be reassuringly welcome to his bosses at the *Times* in New York. Gūng Yasuo Murata who runs a sawmill and has been hard hit by the opening of Japan's economy: "Unless the Government changes its policy," he said, "it'll be impossible for me to survive here. The problem is the imports.... I want the Government to stop the imports of logs, but I know it can't do that. Japan is selling high-tech products to other countries, and I understand that if the Government stops the log imports, then the other countries won't buy Japanese cars or high-tech goods. I understand that the weak are eliminated.... I'm really against deregulation, but ultimately I have to accept it. There is no other way."

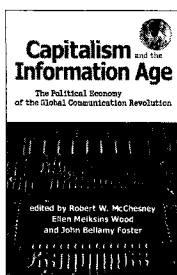
According to Kristof there are a lot of people who think like Mr. Murata, and so far they have managed to resist caving in altogether. Perhaps this is because Japan is a much more egalitarian country than it is usually given credit for and the popular resistance to neoliberalism may be greater than those who rule Japan would like. If so, that is a piece of good news, coming at a time when good news is in sadly short supply.

"Never have so many been held incommunicado by so few."

—EDUARDO GALEANO

Capitalism and the **Information Age**

**The Political Economy
of the Global Communication Revolution**



edited by **ROBERT W. McCHESNEY**
ELLEN MEIKSINS WOOD
and **JOHN BELLAMY FOSTER**

"Of all the instruments of social control that capitalism has at its disposal, communication has steadily increased its usefulness—and indispensability—to the system. CAPITALISM AND THE INFORMATION AGE demonstrates why this is so. At the same time, it exposes the unacknowledged factors that underpin the computerization of the economy: markets, profits, and class domination. Contrary to the prevailing and heavily promoted belief that corporate transnationalization, presented as 'globalization,' is a natural and inevitable development, this collection looks at the lower levels of the social pyramid to understand the impact of the processes at work. Grounded in historical experience and analyses of fundamental social relations, it's a classy study in both senses of the word."

—HERBERT I. SCHILLER,
University of California-San Diego

contributors:

ROBERT W. McCHESNEY
ELLEN MEIKSINS WOOD
MICHAEL DAWSON
JOHN BELLAMY FOSTER
KEN HIRSCHKOP
PETER GOLDING
JILL HILLS
NICHOLAS BARAN
MICHAEL W. APPLE
HEATHER MENZIES
PETER MEIKSINS
ELAINE BERNARD
LID SHNIAD
NOAM CHOMSKY
ANDY POLLACK

CAPITALISM AND THE INFORMATION AGE presents fourteen new essays by leading critical thinkers, taking on the communications revolution from the vantage point of history and political economy.

\$16.00 paper / \$43.00 cloth / 256 pp.

Monthly Review Press

To order call: **1-800-670-9499**

Please add **\$3.00** for postage on the first book; **\$1.00** for each additional book.

T: (212) 691-2555 / F: (212) 727-3676 / 122 West 27th St. / New York, NY 10001